

NEXCOMINST 5230.8

A

29 June 2000

NEXCOM INSTRUCTION 5230.8

Subj: RETAIL OPERATIONS MODULE (ROM) II POLICY AND PROCEDURES

Encl: (1) ROM II policy and procedures

1. Purpose. To provide operational policy and procedures to ships installed with the ROM II software.
2. Overview. The Navy Exchange Service Command provides technical guidance and administrative assistance to ships stores under authority delegated by the Naval Supply Systems Command. The ROM II software is replacing the ROM I software on ships. Whereas ROM II software changes basic business rules, the policy and procedures prescribed in enclosure (1) apply to ships stores afloat who have installed ROM II software. To facilitate the introduction and modification of procedures as required, policy and procedures for ROM II will remain as a Navy Exchange Service Command Instruction until fifty percent of the Fleet has installed the ROM II software. At that time, the ROM II policy and procedures will be established as the Navy Supply Systems Command Publication 487 and the ROM I policy and procedures will be established as an instruction.
3. Action. Enclosure (1) provides policy and procedures that shall be followed by ships that have ROM II software. Upon installation of the ROM II software installation teams will provide each ship a copy of this instruction and accompanying ROM II help manual. Questions regarding policy or procedures should be referred to the Navy Exchange Ships Store Program for resolution.

(Signed)
CHARLES VAUGHAN
Director, Ships Store Program

Distribution:
ROM II Ships
Type Commanders
NAVSCSCOL ATHENS GA

Stocked
NEXCOM 02A, A

Ship's Store Afloat NAVSUP Publication 487



NAVAL SUPPLY SYSTEMS COMMAND

TABLE OF CONTENTS

CHAPTER 1 - ORGANIZATION, ADMINISTRATION AND SECURITY	1-1
CHAPTER 2 – GENERAL OPERATING PROCEDURES	2-1
CHAPTER 3 – STOCK AND INVENTORY CONTROL	3-1
CHAPTER 4 – PROCUREMENT	4-1
CHAPTER 5 – RECEIPT AND INSPECTIONS	5-1
CHAPTER 6 – STOWAGE, BREAKOUTS AND INTRA-STORE TRANSFERS	6-1
CHAPTER 7 – EXPENDITURES	7-1
CHAPTER 8 – SHIPS STORE PROFITS	8-1
CHAPTER 9 – RETURNS	9-1

CHAPTER 1 - ORGANIZATION, ADMINISTRATION AND SECURITY

PART A: ORGANIZATION	1-3
1000 SHIPS STORES AFLOAT	1-3
1001 NAVY EXCHANGE SERVICE COMMAND.....	1-3
1002 DEFENSE SUPPLY CENTER PHILADELPHIA	1-3
1003 DEFENSE FINANCE AND ACCOUNTING SERVICE.....	1-3
1004 FLEET ASSISTANCE TEAMS	1-3
1005 SHIPBOARD ORGANIZATION	1-6
1006 PERSONNEL	1-7
1007 ACCOUNTABILITY AND RESPONSIBILITY.....	1-8
1008 ASSIGNMENT OF RESPONSIBILITIES.....	1-8
1009 RETENTION OF RESPONSIBILITIES.....	1-10
1010 ABSENCE OR INCAPACITY OF AN ACCOUNTABLE PERSON.....	1-10
PART B: ADMINISTRATION.....	1-15
1100 AUTHORIZATION FOR ESTABLISHMENT	1-15
1101 AUTHORIZED AND UNAUTHORIZED ACTIVITIES	1-16
1102 REQUEST FOR DEVIATIONS AND MODIFICATION	1-17
1103 FUNCTIONS OF THE NAVY CAPITAL WORKING FUND	1-17
1104 LENGTH OF SERVICE RECOGNITION.....	1-17
1105 SUPPLY DEPARTMENT INSTRUCTIONS	1-17
1106 PUBLICATIONS, FORMS, LOGS AND FILES	1-18
1107 RESALE OPERATIONS MANAGEMENT (ROM) SYSTEM POLICY	1-23
PART C: SECURITY.....	1-25
1200 GENERAL	1-25
1201 GROUP III SPACES	1-25
1202 EMERGENCY ENTRY INTO GROUP III SPACES	1-28
1203 GROUP IV SPACES.....	1-28
1204 CAR SEALS	1-29
1205 ADDITIONAL SECURITY MEASURES	1-29
1206 THEFT OR FRAUD.....	1-29
1207 ROM SYSTEM SECURITY	1-31

BLANK

CHAPTER 1 - ORGANIZATION, ADMINISTRATION AND SECURITY

PART A: ORGANIZATION

1000 SHIPS STORES AFLOAT

1. GENERAL. The instructions and procedures prescribed in this publication apply to ships stores afloat. Standard Navy clothing is included in the list of authorized items for ships stores. This publication does not apply to naval activities under the Commander, Military Sealift Command. These activities operate branch exchanges in accordance with the Navy Exchange Manual and instructions issued by Navy Exchange Service Command.
2. PURPOSE. Ships stores serve the following purposes:
 - Provide a convenient and reliable source for personnel to obtain articles considered necessary for their health, comfort, or convenience at a savings.
 - Provide services necessary in day-to-day living.
 - Provide a source of funds to be used for the recreation of naval personnel through profits from sales.
 - Promote good morale

1001 NAVY EXCHANGE SERVICE COMMAND

The Navy Exchange Service Command provides technical guidance and administrative assistance to ships stores under authority delegated by the Naval Supply Systems Command.

1002 DEFENSE SUPPLY CENTER PHILADELPHIA

The Defense Supply Center is responsible for providing quality standard Navy clothing stock to ships stores.

1003 DEFENSE FINANCE AND ACCOUNTING SERVICE

The Defense Finance and Accounting Service performs the following functions in connection with ships stores:

- Audit returns
- Maintain files and reconcile documents for receipt from purchase and receipts from other supply officers
- Reconcile cash reported in returns
- Pay dealers' bills.

1004 FLEET ASSISTANCE TEAMS

1. MISSION. The Fleet Assistance Team program provides technical assistance and guidance to forces afloat in order to improve the performance of ships store

operations. The Navy Exchange Service Command manages the Fleet Assistance Team program.

2. **TEAMS.** Master, senior and chief petty officers are positioned in major port areas to provide technical assistance and guidance in all aspects of ships store operations. This assistance may be provided by telephone, visits to Fleet Assistance Team offices, or assistance visits to individual ships. Visits to ships are made on an informal basis and no formal report is made upon completion of the visit. Fleet Assistance Teams are located as follows:

<p style="text-align: center;">HEADQUARTERS</p> <p>Navy Exchange Service Command Ships Store Program (Code A) 3280 Virginia Beach Blvd Virginia Beach, VA 23452-5742 Telephone: (757) 443-2080 / DSN 646 + Fax: (757) 443-2082 Naval Message: NEXCOM NORFOLK VA//A// Email: A@nexnet.navy.mil</p>	<p style="text-align: center;">NORFOLK FLEET ASSIST TEAM (Norfolk, Mid-Atlantic, New England)</p> <p>Navy Exchange Service Command Fleet Operations Assistance Team 9610 Decatur Avenue Norfolk, VA 23511-3389 Telephone: (757) 443-2520; DSN 564-4748/4739 Fax: (757) 443-2540 Naval Message: NEXCOM REP NORFOLK VA//FAT// Salts: NX1 Email: Fleet_Assistance_Team-Norfolk@nexnet.navy.mil</p>
<p style="text-align: center;">MAYPORT FLEET ASSIST TEAM (South East, Florida, Gulf States, Texas)</p> <p>Navy Exchange Service Command Fleet Operations Assistance Team FISC Jacksonville FSC Code 10C Box 280107 Mayport, FL 32228-0107 Telephone: (904) 270-5217; DSN 960-5217 Fax: (904) 270-6307 Naval Message: NEXCOM REP MAYPORT FL//FAT// Salts: NX3 Email: Fleet_Assistance_Team-mayport@nexnet.navy.mil</p>	<p style="text-align: center;">SAN DIEGO FLEET ASSIST TEAM (California, Hawaii, Northwest Ports, Guam)</p> <p>Navy Exchange Service Command Fleet Operations Assistance Team Naval Station PO Box 368128 San Diego, CA 92136-8128 Telephone: (619) 556-5733/5725/5727/5728/5729; DSN 526 + Fax: (619) 556-5726 Naval Message: NEXCEN SAN DIEGO CA//FAT// Salts: NX5 Email: FATSD@nexnet.navy.mil</p>
<p style="text-align: center;">MEDITERRANEAN FLEET ASSIST TEAM (All Mediterranean Ports, Middle East)</p> <p>Navy Exchange Service Command Fleet Operations Assistance Team U.S. Navy Exchange PSC 810 Box 30 FPO AE 09619-0003 Telephone: 39-081-724-4002/4003/4004; DSN 625-4214 Fax: 39-81-570-1203 Naval Message: NEXCOM REP NAPLES IT//FAT// Salts: NX6 Email: Fleet_Assistance_Team-Naples@nexnet.navy.mil</p>	<p style="text-align: center;">JAPAN FLEET ASSIST TEAM (Japan, Westpac, Diego Garcia)</p> <p>Navy Exchange Service Command Fleet Operation Assistance Team U.S. Navy Exchange PSC 473 Box 70 FPO AP 96349-0003 Telephone: 81-468-261911 Ext. 5354/7400 Fax: 81-468-271342 Naval Message: NEXCOM REP YOKOSUKA JA//FAT// Salts: NX7 Email: Fleet_Assistance_Team-Yokosuka@nexnet.navy.mil</p>

3. ASSISTANCE VISITS

- a. Requests for Assistance. Ships desiring assistance visits should contact the appropriate Fleet Operation Assistance Team. Request should identify specific problem areas if any exist. Urgent requests for assistance may be made by naval message or telephone when considered appropriate by the supply officer.
- b. Length of Visit. Assistance visits will normally be scheduled for a period of two to five days, depending upon the type of ship and the extent of ships store operations to be reviewed.
- c. Time Periods for Visit. Requests should indicate two or more convenient periods for assistance visits and the location of the ship during these periods.
- d. Requests for Assistance for Laundry Equipment. Onsite assistance is available upon request. Since the repair and maintenance of laundry equipment can best be accomplished during a regularly scheduled overhaul, assistance visits should take place before an overhaul to permit timely submission of work requests for any repairs or equipment layout changes resulting from the visit. Assistance visits should be requested 18 months before an overhaul and for emergency requirements at least 120 days before the overhaul.
- e. Pre-deployment Assistance Visits. Ships preparing to deploy should submit requests in sufficient time to arrange for visits prior to deployment. During these visits, information will be provided on the Consolidation Afloat Requisitioning Guide Overseas (NAVSUP Pub 4998), Q-cognizance items, foreign merchandise, vendor control and endurance loading.

4. SCOPE OF ASSISTANCE

- a. GENERAL. The Navy Exchange Service Command Fleet Assistance Teams will provide assistance as outlined in subpara b - e.
- b. Sales Outlets. Assistance in sales outlets will be provided in the following areas:
 - Modernization planning
 - Merchandising promotion, including layout, display and signage
 - Merchandising planning, including stock control review, model stock plans, and disposition of excess stocks
 - Pricing procedures
 - Accounting records, returns, and bill payment
 - Internal operating procedures
 - Internal controls, including cash handling procedures, security of spaces, and receipt and inspection procedures

- Procurement assistance, including purchasing procedures, contract administration procedures, vendor relations, merchandise quality assurance, and processing of the Special DD Form 1155 for merchandise ordered under the simplified purchase procedures
 - Training
 - Periodic review of ships store operations, including identification of potential problem areas.
- c. Service Activities. Assistance in service activities will be provided in the following areas:
- Job instruction, JQRs and training programs
 - Work scheduling and control
 - Equipment operations and maintenance, with minor repairs as necessary
 - Safety and sanitation
- d. Liaison. The Fleet Assistance Teams maintain liaison with fleet and type commanders, Navy supply support activities, Defense Finance and Accounting Office Operating Locations and other cognizant activities on ships store matters. In addition, these teams may function as the ships ashore liaison for logistic, procurement or other ships store issues when the ship is deployed.
- e. Other. The Fleet Assistance Team will furnish necessary technical assistance and guidance not specified above which may be required in the operation of a ships store such as ROM.

1005 SHIPBOARD ORGANIZATION

1. GENERAL. The supply officer is responsible for the performance of all divisions of the supply department. Supply Corps officers may be ordered in as assistants to the supply officer or senior enlisted may be assigned to that job with approval of the type commander and Navy Exchange Service Command. When there is an assistant for the ships store, that officer may relieve the supply officer from financial accountability and responsibility for the procurement, receipt, storage, custody, issue, transfer, maintenance of proper records, and accounting for and submission of returns for ships store material. The ships store officer (accountable officer) will be assisted by personnel provided by the commanding officer. The number of personnel will depend on the size of the operation and personnel available. The ships store officer is restricted in the assignment of personnel only if they have not completed the job specific JQR or received instruction in the responsibility/accountability of the job assigned. The supply department organization aboard individual ships will vary according to the mission, physical characteristics and the complement of the ship. However, each ships store division will procure, receive, store, issue, and sell ships store merchandise, operate sales outlets and service activities, maintain related records, and prepare required reports, returns, and correspondence.

2. SPECIFIC FUNCTIONS DEFINED

- a. Records and Returns. Records and returns functions include replenishment of ships store stock operating supplies, operation of the Resale Operations Management (ROM) microcomputers, maintenance of office records, and preparation of related correspondence, reports and returns.
- b. Storage. Storage functions include the receipt; storage, security and issue of ships store stock and operating supplies, as well as maintenance of related records and assigned spaces.
- c. Sales Outlets. Sales outlet functions include the operation of retail stores, vending machines, amusement machines, cash registers, electronic cash recording devices and the maintenance of prescribed records and assigned spaces.
- d. Service Activities. Service activity functions include barbershops, laundry dry cleaning services and tailoring services, as well as the maintenance of necessary records and assigned spaces. Embroidery services may also be included.

1006 PERSONNEL

1. ASSIGNMENT OF PERSONNEL. The type of operation, the volume of business, and the degree of service the commanding officer considers necessary for morale will determine personnel assignments. The ships store officer will make all assignments to positions of responsibility. In no case will personnel assigned to, or having access to sales outlets or bulk storeroom be assigned to duties of maintaining office records. Normally only one-person will be responsible for and have access to bulk storerooms. Ships are authorized to assign more than one person to an accountable space as provided for in subpara b and para 2402.
 - a. Multiple Accountable Space Operators. Operation of a sales outlet or bulk storeroom by more than one person is authorized to allow for flexibility in improving customer service. For multiple operator procedures for a retail store, see para. 2402.
 - b. Multiple Responsibility Operations. When improved utilization of personnel will result, the same person may be placed in charge of sales /service outlet and the bulk storeroom. When making multiple responsibility assignments, the ability to maintain accountability of government material, the physical layout of spaces and the hours of operation will be considered in order to provide maximum utilization of personnel and maximum service to the crew. ROM requires the use of separate accountability procedures even though the same person may be assigned to both locations. Non-EPOS locations (drink vending, hangar bay sales, etc) are most suitable for "same person" operations.

2. **RESPONSIBILITIES OF SHIPS STORE PERSONNEL.** Personnel in charge of sales outlets and service activities will be responsible to the ships store officer for the proper operation of the outlet or activity and for strict compliance with cash handling procedures as prescribed in para 2200-2207.

These instructions also apply when more than one shift is required to provide services during periods outside of normal working hours.

1007 ACCOUNTABILITY AND RESPONSIBILITY

1. **GENERAL.** It is well founded by law and regulation that any person authorized to have public property in their custody or possession is responsible upon proper occasion to produce the property or evidence of its authorized disposition. In either case, a person having funds or property of the United States in their custody assumes a public trust that the funds or property will be utilized for purposes authorized by law or regulation.
2. **DEFINITIONS**
 - a. **Accountability.** Accountability is defined as the obligation to render an accounting of property and funds, including returns. The obligation is imposed upon an officer who is charged by law, lawful order, or regulation with the responsibility for keeping accurate records of public funds or property. The officer assumes a public trust that such funds or property will be utilized for purposes authorized by law or regulation. The property or funds may, or may not, be in the officer's physical possession.
 - b. **Responsibility.** Responsibility is defined as the obligation placed upon an individual by law, lawful order, regulation, or customs of the service to exercise custody, care, protection, and keeping of property, records, or funds entrusted to their possession or under their supervision. In case of fire, shipwreck, or other disaster, it will be the duty of every ships store officer to secure and preserve the public money, papers and property, in the order of their importance, as circumstances permit.

1008 ASSIGNMENT OF RESPONSIBILITIES

1. **GENERAL.** Sub-paragraphs 2 and 3 delineate the responsibilities, which the supply officer may assign and the minimum controls, which must be exercised. The term "monies" as used here is limited to checks or cash, actual coinage or electronic cash, transactions in the ships store operation and does not include monies held by a disbursing officer. Subordinates who fail to carry out assigned responsibilities properly may be punished under the Uniform Code of Military Justice, Arts. 92, 108, 132 and other articles as applicable.

2. **ASSIGNABLE RESPONSIBILITIES.** The following responsibilities may be assigned to subordinates:
 - Custody, care and protection of monies and property
 - Proper documentation of the receipt and issue of material and monies
 - Custody and accurate maintenance of stock and financial control records
 - Inventory control practice to ensure prescribed stock levels
 - Taking inventories and preparation of ship store returns
 - Preparation of required reports
3. **CONTROLS.** The following are minimum controls that must be exercised by the Supply Officer/Sales Officer to ensure that responsibilities assigned to subordinates are being met:
 - a. Prescribe the duties and responsibilities in written form for each billet and ensure the person assigned is knowledgeable of the duties and responsibilities.
 - b. Make frequent inspections of spaces and operations to ensure the effective performance of tasks assigned to subordinates and to give direction, guidance and instruction as necessary.
 - c. Conduct frequent internal reviews to ensure that adequate controls are being utilized by subordinates in compliance with current directives on cash handling, safeguarding of funds, stock control, custody, procurement, issue, expenditure, inventory and accountability.
 - d. Conduct training and supervision of subordinate personnel to ensure the proper performance of assigned responsibilities. Record the training provided to subordinate personnel.
4. **LETTERS OF ASSIGNMENT REQUIRED.** The ships store officer will designate the Cash Collection Agent in writing. The letter of assignment will include duties and limitations, effective date and person relieved, if any. Letter of assignment will be maintained in the Military Correspondence File (WF 3) as long as the person is assigned to the position and filed in the retained returns when that person is relieved.

5. LETTERS OF ASSIGNMENT NOT REQUIRED. Individuals may be assigned to the following positions of responsibility without a letter of assignment if they have met the requirements of subparagraph 3a or 3b:
- ROM user/records keeper
 - Retail activity operator
 - Vending/Amusement machine
 - Shipboard barber
 - Laundry operator
 - Supervisor/Manager
 - Bulk Storeroom Custodian
 - Receipt Inspector
 - Inventory team member
- a. Completion of JQR Standards. Upon successful completion of Job Qualification Requirements (JQR) and documentation in either the division officers notebook or Service Record.
- b. Short Term Duty Assignment. Persons performing short-term duty assignments. Sales Officer must document in the division officer notebook that instruction on the applicable duties and responsibilities was provided and that the person assigned understood both the accountability and responsibility aspects of the assignment.

1009 RETENTION OF RESPONSIBILITIES

Assignment of a subordinate to a job in no way relieves the supply officer or ships store officer of their responsibility for the proper performance of the responsibilities assigned to a subordinate. The supply officer and ships store officer are directly responsible to the commanding officer for exercising fitting and proper supervisory and advisory controls over all ships store functions.

1010 ABSENCE OR INCAPACITY OF AN ACCOUNTABLE PERSON

1. ACTION BY THE COMMANDING OFFICER
- a. When Relief is Not Required. When a person who is accountable for public property in connection with the ships store or who is accountable for public funds representing the proceeds from sales of ships store stock or other items of supply becomes physically incapacitated and unable to perform their duties or commences a period of authorized absence, such as leave or temporary additional duty, the commanding officer may permit the duties of the accountable person to be performed, with the notification of that person and consent of the supply officer or sales officer, by another qualified person. If, in the opinion of the commanding officer, the best interests of the Government will not be served by this procedure, the commanding officer will follow the procedure for providing a relief as prescribed in subpara b-d.

- b. When a Relief is Required. In the event of the death, unauthorized absence, or mental incapacity, as determined by competent medical authority, of an accountable person or when it is necessary to relieve such an accountable person for any cause, including arrest or suspension, the commanding officer will:
- (1) Take possession of the safe and the official keys of the relieved person, place a seal on the safe, and ensure the security of the funds, property, and spaces involved.
 - (2) Appoint an inventory board of not less than three officers to take an inventory of the vouchers, funds, ROM backup tapes and property on hand.
 - (3) Appoint a temporary custodian of the vouchers, funds, ROM backup tapes and property of the incapacitated person until such time as an accountable person is appointed as a temporary or permanent relief, or
 - (4) Appoint a temporary custodian of the vouchers, funds, ROM backup tapes and property involved, with accountable responsibility to perform the duties of the incapacitated person, if it is determined that business must be transacted before the appointment of or reporting of a regular relief, or
 - (5) Appoint a relieving custodian to be accountable for the vouchers, funds, ROM backup tapes and property involved, and for performing the duties of the positions.

If the accountable person is a Supply Corps officer, the commanding officer will immediately inform the Naval Supply Systems Command (Director of Supply Corps Personnel) and the Type Commander (N41).

- c. Settlement and Administration of the Accounts of an Incapacitated Accountable Person.
- (1) By the Incapacitated Person. The commanding officer, if desired, may allow the incapacitated person a reasonable time in which to close accounts and prepare returns, if the circumstances permit. No records, vouchers, funds or property necessary to close the account will be taken from the accountable person unless absolutely essential in the public interest. In this case, detailed receipt will be furnished to the accountable person by the person appointed to take charge of or to relieve the accountable person of accountable duties.
 - (2) By the Acting Accountable Person or the Relief. If directed by the commanding officer, the acting accountable person or the relief will take the necessary action to close the accounts and submit the returns of the incapacitated person.

- d. **Restoration to Duty of an Incapacitated Accountable Person.** If an accountable person is restored to duty following arrest, suspension, or other incapacity, and a custodian, acting accountable person, or a relief has been appointed as provided in subparagraph b, the commanding officer will direct that a second inventory be taken as prescribed in subparagraph b, except that the inventory will be conducted by the two persons concerned rather than by an inventory board. The person restored to duty will be held accountable only for the vouchers, funds, and property then on hand.

The custodian, acting accountable person, or relief will be held accountable for the transactions, which took place while acting for the incapacitated person.

2. ACTION BY THE INVENTORY BOARD.

- a. **GENERAL.** When an inventory board is appointed as per para 1010-1b(2), they will take an inventory of the public funds and property for which the incapacitated person is accountable. The inventory will be taken in the presence of the responsible custodians and the appointed custodian, acting accountable person, or relief and will turn over the public funds and public property of the incapacitated accountable person. An original and four copies will be prepared. All copies will be certified by all members of the board as a true and an accurate inventory. The appointed custodian, acting accountable person, or relief will receipt for the inventory and give the commanding officer the original and retain a copy. Each member of the board will retain one of the remaining certified copies. Inventories of other material, including repair parts, are not required unless specifically directed by the commanding officer.
- b. **Public Funds.** A complete inventory will be taken of all public funds for which the incapacitated person is accountable, including funds in cash registers. If the safe of the incapacitated accountable person is locked shut and the combination is not available, the safe will be sealed by the inventory board and the pertinent facts will be reported to the commanding officer. The commanding officer will decide whether the safe will be forced open by whatever means are available or whether it will remain sealed and the contents remain un-inventoried until a qualified locksmith is available.
- c. **Money Vouchers and Records.** A complete inventory will be taken of vouchers evidencing receipt, transfer, or disbursement of public funds and of the records of these transactions.
- d. **ROM Backup Tapes.** The inventory board will take custody of the ROM backup tapes on hand and obtain two new system backup tapes from the ROM system as soon as possible. The inventory board will turn over the backup tapes to the custodian, acting accountable person or relief. One copy of the latest ROM system backup tape will be turned over to the senior supply officer. The senior supply officer will retain the ROM system backup tape until the inventory has been taken and returns of the

incapacitated accountable person are rendered. After returns have been rendered, the senior supply officer will turn the ROM system backup tape over to the acting accountable officer or relief who will place it in the retained returns.

3. **ACTION TAKEN BY THE CUSTODIAN, ACTING ACCOUNTABLE PERSON, OR RELIEF.** The custodian, acting accountable person, or relief will assume custody of the public funds and public property held by the previous accountable officer upon receipting of the original of the inventory and ROM backup tapes. The individual will operate and render returns under the same regulations and procedures as the previous accountable officer.
4. **RETURNS OF AN INCAPACITATED ACCOUNTABLE PERSON.** The rights of the incapacitated accountable person and of the custodian, acting accountable person, or relief will be fully protected so that in the event of differences discovered later, the accountability may be determined. The acting accountable officer or relief will take action necessary to complete the vouchers, to close the accounts, and to maintain custody of the same and will settle the accounts and render the final returns of the incapacitated accountable person. Documents in connection with the settlement and administration of accounts of an incapacitated accountable person will be signed as follows:

(Name of incapacitated accountable person)

By

 Acting (Appointed pursuant to NAVREGS, Art. 0813)

5. **RETURNS OF AN ACTING ACCOUNTABLE PERSON.** The acting accountable person will be responsible for rendering reports and returns in the same manner as required for the officer for whom appointed to act. The returns of the acting accountable person will not be merged with those of the incapacitated officer, or with the returns submitted by the regular relief after the regular relief assumes duties.

BLANK

PART B: ADMINISTRATION

1100 AUTHORIZATION FOR ESTABLISHMENT**1. ON COMMISSIONED SHIPS**

A ships store, consisting of sales outlets and service activities, will be operated on all ships in commission (except submarines) to which a Supply Corps officer is attached. Before establishment of a ships store, the commanding officer will report by letter the date the ships store will commence operations to the Navy Exchange Service Command. A copy of this letter will also be forwarded to the type commander and:

Service designator "V" and "R" ships:
Defense Finance and Accounting Service
Norfolk Operating Location
9712 Virginia Ave
Norfolk, VA 23511-3297

2. ON PRECOMMISSIONED SHIPS

- a. GENERAL. A ships store may be established before a ship is commissioned provided the prospective supply officer has reported for duty. A prospective commanding officer desiring to establish a ships store should submit a letter request to the Navy Exchange Service Command via the type commander. A copy of this letter should be forwarded to the Director Defense Finance and Accounting Service.
- b. Stock. Items to be stocked on pre-commissioned ships will be limited to authorize emblematic items (see para 3100-3104). The quantity of emblematic items stocked will not exceed 90 days anticipated sales. The security requirements for Group III spaces in para 1201 will be followed.
- c. Cash Handling. Sales will be made for cash, check or electronic smart card purchases only. Cash registers will be used. If cash registers are not available, the ship should contact the Ships Store Program for guidance.
- d. Records. All required records will be maintained. Returns will be submitted at the end of the accounting period. Records and returns may be maintained and produced on the ROM system only after implementation by NEXCOM. Requests for implementation of ROM will be submitted to NEXCOM via the Type Commander.

3. ON CHARTERED SHIPS. A ships store will be operated on chartered ships to which a Supply Corps officer is attached for permanent duty, except on ships where a Military Sealift Command branch exchange is operated. The report of establishment will be made in accordance with subparagraph 1.

4. SHIPS STORES ASHORE. When a naval unit (such as a mobile construction battalion, Fleet Hospital or isolated location) to which a Supply Corps officer is attached is deployed or located OUTCONUS, a ships store may be established under the procedures and instructions in the NAVSUP Pub 487. The report of establishment will be made in accordance with subparagraph 1. Ships Stores may also be established ashore at remote locations to provide quality of life services.
5. DISESTABLISHMENT OF SHIPS STORES. Reports of disestablishment of a ships store will be made according to para 10000.

1101 AUTHORIZED AND UNAUTHORIZED ACTIVITIES

1. AUTHORIZED ACTIVITIES. When a ships store has been established, the commanding officer may authorize the operation of any or all of the following:
 - a. Sales outlets
 - Retail store(s)
 - Vending machine(s)
 - Amusement machine(s)
 - b. Service activities
 - Barbershop(s)
 - Laundry
 - Dry cleaning plant
 - Limited tailor shop operations
 - c. Operation of the ROM microcomputer and maintenance of the automated ships store records.
2. UNAUTHORIZED ACTIVITIES
 - a. GENERAL. The ships store is the sole authorized sales outlet and service activity. No sales outlet or service activity operated outside the ships store, except for authorized Navy exchange sponsored activities, will be permitted.
 - b. Concessions. A concession arrangement is one whereby vendors are permitted to sell directly to crewmembers in return for remitting a percentage of the profit to the Navy. Ships will not enter directly into concession agreements with vendors, nor will vendors be permitted to invoice products through the ships store. Only Navy exchange sponsored concessionaire will be permitted on board ships. See Chapter 3.
 - c. Sale for Account of Individuals. Officer, enlisted and civilian personnel in the naval service are not permitted to sell articles in or through the ships store. Such sales for the account or profit of any individual (or for the account or profit of any person in the Navy) are prohibited. Personnel are

not permitted any personal interest in ships store purchases, sales or services.

3. **PAYMENT OF EXTRA COMPENSATION TO SERVICE ACTIVITY PERSONNEL.** Service activity personnel will not be paid or accept extra compensation (such as tips, gifts or money) for their work.

1102 REQUEST FOR DEVIATIONS AND MODIFICATION

1. **DEVIATIONS.** A commanding officer that desires deviations from the operating procedures prescribed in this publication will provide complete justification for the deviations desired. A letter request will be submitted to the Navy Exchange Service Command via the type commander. Deviations or modifications to the ROM system software are prohibited. Units requesting modifications to the ROM system will submit a program Change Request to the Navy Exchange Service Command (Code A) via the Type Commander and the Fleet Commander.
2. **MODIFICATIONS.** If additional space, equipment or improvement to facilities is desired, the procedures in paragraphs 4400-4402 will be followed.

1103 FUNCTIONS OF THE NAVY CAPITAL WORKING FUND

The Navy Capital Working Fund (NCWF) finances the original procurement of all ships store stock, operating supplies and minor equipment. NCWF is ultimately credited with the cost price of sales, issues and surveys of stock. NCWF is self-replenishing. After ships store stock has been procured, it becomes a part of the Navy Stock Account and is designated by functional account 51000. Ships store stock remains in the Navy Stock Account until sold, issued or surveyed, at which time NCWF is credited for the cost price of the material. Ships store stock held in the Navy Stock Account is government property until sold or otherwise expended.

1104 LENGTH OF SERVICE RECOGNITION

GENERAL. Certificates of Appreciation are available for all Ships Servicemen for 5, 10, 15, and 20 years of service in the Navy Exchange System.

1105 SUPPLY DEPARTMENT INSTRUCTIONS

1. Supply department instructions will be prepared under the guidelines furnished in Shipboard Procedures (NWP-50) and the requirements of the appropriate type commander.
2. Copies of instructions or plastic laminate placard prescribing sanitary regulations, safety precautions, equipment operating instructions and emergency entry procedures will be prominently posted so they may be readily seen. Instructions covering other subjects will be prepared as considered necessary by the supply officer. It is not necessary to duplicate detailed procedures in this publication in supply department instructions.

1106 PUBLICATIONS, FORMS, LOGS AND FILES

1. **GENERAL.** Publications, forms, log and files will be maintained as outlined in subparagraphs 2-5. The ROM system generates the majority of forms required in ships store records which will be placed in the files outlined in subparagraph 5. To facilitate disposal action and reference to current records, files will be cut off or broken at the end of each fiscal year. Ships store records, logs and returns from the previous fiscal year should be removed from file cabinets and placed in well marked containers citing the fiscal year involved and stored in a suitable location on board for easy access when the need arises. Ships store returns and supporting documents and ROM tapes will be retained for a period of two years. The records may be held either on board or stored at a secure location designed by the Type Commander. After two years, they will be disposed of locally.
2. **PUBLICATIONS.** Request for publications will be sent to the Navy Publications and Forms Directorate of the Navy Aviation Supply Office, 5801 Tabor Avenue, Philadelphia, PA 19120-5099. The following is a list of publications used in the operation of the ships store:

NAVSUP Pubs	- Title	StockNumber
487	Ships Store Afloat	0530-LP-185-6300
4998	Consolidated Afloat Requisitioning Guide Overseas (CARGO)	Supplied by NAVICP Mechanicsburg, PA

NEXCOM Pubs (All are supplied by NEXCOM Ships Store program)

81	Merchandising and Stocking Guide for Ships Stores
90	Navy Clothing Price List for Men/Women Visual Merchandising Guide
ACB	Ship Store Contract Bulletin
ASL	Ship Store Afloat Catalog
	Pacific Fleet Foreign Merchandise Program
	Sixth Fleet Foreign Merchandise Program
	NEXCOM ROM USERS GUIDE

DOD FINANCIAL MANAGEMENT REG	Stock Number
Disbursing Policy and Procedures Vol.5	DOD 7000.14-R

NAVEDTRA Pubs	- Title	Stock Number
10176	Ship's Serviceman 3	0502-LP-217-6200
10177	Ship's Serviceman 2	0502-LP-217-2900
10287-F	Ship's Serviceman 1&C	0502-LP-051-4340

3. **FORMS.** Request for forms will be sent to the local shore supply support activity. The following is a list of forms used in the operation of a ships store which are not generated by the ROM system:

NAVSUP Forms	- Title	Stock Number
28	Requisition Receipt, Men's	0108-LF-500-0601
28A	Requisition Receipt, Women's	0180-LF-500-0701
233	Ships store laundry list	0108-LF-500-4801
469	Cash Register Record	0108-LF-501-1101

DD Forms - Title		Stock Number
200	Report of Survey	0102-LF-011-9100
504	Request and Receipt for Health and Comfort Supplies	0102-LF-000-5401
1149	Requisition and Invoice/ Shipping Document	0102-LF-011-1801
1348	DOD Single Line Item Requisition System Document	0102-LF-001-3490
1348-1	DOD Single Line Item Release/ Receipt Document	0102-LF-013-1040
1155	Order for Supplies or Services	0102-LF-011-5502
176	Sum of Material Receipts/ Expenditures	0104-LF-700-2400

STANDARD Forms	Title	Stock Number
368	Quality Deficiency Report	7540-00-133-5541
1034	P V for Purchases and Services other Than Personal	7540-00-900-2234

Local Forms – Title	Reference
Barbershop Appointment Record	para 2501
Certified Uniform Item Deficiency Report	para 3124
Claim for Loss or Damage of Personal Clothing	para 8202
Unsatisfactory Contract Performance Report	para 4200-2

4. LOGS. The following logs will be maintained and, where practical, more than one log may be included in one record book:

Title	Reference
Car Seal Number Log	para 1204
Dry Cleaning Work Log	para 2521
Heat Stress Log	para 2517
Laundry Bulk Work Log	para 2512
Laundry Equipment Maintenance Log	para 2512-2
Laundry Press Deck Log	para 2512
Money Bag Log	para 2221-2
Night Depository Safe Log	para 2222-3
Tailor Shop Work Log	para 2532
Vending Machine Daily Delivery Log	para 4431-4
Vending Machine Money Box Log	para 2411

5. FILES.

- a. Sales Officer Accountable Files. The Sales Officer will maintain these files. The files will contain the ROM Backup Tapes, the Form 153 accountable files, the ROM Security Access Rights List and Security Provisions for entry into the operating system database. The ROM maintains all computer records, which may be printed at any time.

- b. Working Files. These files will be maintained by the records-keeper and provided to the person assigned to a specific job when required.

WF 1 Receipt Inspector File

Contents: One copy of each outstanding purchase order and requisition to be used in the receipt of material. After completion of receipt, this copy will be moved to B01 AO file.

WF 2 Bulk Custodian File

Contents: One copy of each outstanding purchase order and requisition to be used in receipt of material by the bulk storeroom custodian. This copy upon completion will be moved to the file B01 RK file

WF 3 Correspondence File

Contents: Letter of assignment from the ships store officer to the cash collection agent and copies of correspondence from military and commercial activities. Letters will be removed when action noted in letter has been completed.

WF 4 Credit Memo and Cash Refund File

Contents: copy of each Form 1149, and related credit memorandum and correspondence, which has not been liquidated.

WF 5 Bad Check File

Contents: Any uncollectable check will be held in this file until repayment is obtained or the check is determined to be uncollectable and "written off" by the ships store officer. "Written off" checks must be destroyed.

- c. Ships Store Afloat Files: These files relate directly to the NAVCOMPT 153 line items. Each line item will have two files to document the NAVCOMPT 153 Form numbers. The accountable officer will hold the Accountable Officer (AO) file that will be used to send documents to DFAS or for the end of accounting period returns. The records-keeper will maintain the RK file that will be used to both document the figures on the NAVCOMPT 153 and for the retained returns.

File Name & Number	AO Contents	RK Contents
B01 Receipts from Purchase	(a) One copy of the ROM receipt 1155 showing date of receipt of material and cost and retail extensions. (b) The receipt inspector copy of 1155 showing quantities (no extensions required). (c) One copy of each credit memorandum document (Form 1149) and dealer's credit invoice.	(a) One copy of the ROM receipt 1155 showing cost and retail extensions (b) Vendor invoice that matches ROM receipt for quantity and dollar value. Ten purchase orders will be placed in numerical sequence in separate folders. (For example, purchase orders 9700 through 9709 will be placed in one folder, purchase orders 9710 – 9719 in another folder).
B05 Receipts from OSO	One copy of the ROM receipt document showing date of receipt of material and cost and retail extensions, e.g. one copy of each Forms 1348-1 and 1149 documents from other supply officers.	(a) B05 (b) For each requisition number one copy of the ROM receipt document and associated copy of each completed Form 1348 or 1149. (Note: This file will be maintained for a complete fiscal year. Ten requisition documents may be placed in numerical sequence separate folders.
B10 Issues to Other Appropriation	(a) Signed DD Form 1149 Original (b) One copy of 1149 (c) Two copies of 504 / 28 / 28A expenditure documents	(a) B10 Issues to Use Report (b) One copy of each ROM expenditure document (1149, 28, 28A, 504)
B12 Issues with Reimbursement (Bulk Sales)	Copy of liquidated ROM 1149 priced and extended	B12 Report and copy of each ROM liquidated 1149.
B14 Loss or Gain by Inventory	No file required. Nothing is sent to DFAS	B14 report showing all gains and losses to the operation
B15 Surveys to NWCF	Signed Original of Form 200	B15 Report and a copy of each Form 200
B19 Transfers to OSO	(a) Transfer to OSO report (b) Form 176 (c) Original requesting document from requesting ship attached to two copies of the ROM Form 1149 or the Navy 1348-1 transfer document	(a) B19 report (b) Copy of Form 176 and copy of each requesting document attached to the ROM transfer document.
B21 Cost of Sales – Retail	No file required. Nothing is sent to DFAS	B21 report
B22 Cost of Operations	No file required. Nothing is sent to DFAS	B22 report showing all charges to cost of operations
B23 Survey to Ship Store Profits	Signed Original of Form 200	B23 report with copy of Form 200
B25 Cost of Sales – Drink Vending	No file required. Nothing is sent to DFAS	B25 report
B26 Cost of Operations Vending	No file required. Nothing is sent to DFAS	B26 report
B27 Survey to Profits – Drink	Signed Original Form 200	B27 report and copy of Form 200
B28 Closing Inventory	No file required. Nothing is sent to DFAS	(a) Signed copy of inventory count report (b) Signed copy of inventory discrepancy list (c) Profitability reports for all outlets (d) Item scanned not found report
C02 C03 C04	Two copies of Memorandum Sales Invoice	(a) Original copy of Memorandum Sales Invoice and Collection Report (b) 469 / 470 Books
C05 Loans	No file required. Nothing is sent to DFAS	Letter from NEXCOM authorizing loan
C06 Grants	No file required. Nothing is sent to DFAS	Letter from NEXCOM authorizing grant
Uncollectable Checks	Nothing sent to DFAS. This is an accountable holding file for any "returned" check waiting for reimbursement from the customer	All uncollectable checks along with the Memorandum Listing of checks

File Name & Number	AO Contents	RK Contents
C13 Laundry Claims and other service	(a) C13 report (b) Laundry Claims: Copy of standard form 1034 (c) Service charges: Abstract Data Report	(a) C13 Report (b) Laundry: Copy of form 1034 with claim (c) Service: Copy of 1155, dealers bill and copy of abstract data report
C18 Equipment Purchases	Original copy of Abstract Data Report	(a) C18 Report (b) If cost over \$2,500 a copy of 1155, dealers bill and copy of Abstract Data Report (c) If cost under \$2,500 a copy of the Abstract Data Report
C19 Disbursement of Amusement Machine Contractor	Copy of Standard Form 1034	C19 Report with copy of Standard Form 1034
C22 Funds Transferred to Recreation Fund	Copy of Standard Form 1034	C22 Report with copies of Standard Form 1034

- d. Retained Returns. The following files will be maintained by the records keeper and kept in addition to the ships store files noted above.

RR 1 Breakout Documents File

Signed original of 973 form attached to ROM final breakout form

RR 2 Ships Store Management Report File

Copy of monthly report sent to commanding officer
Copy of ROM SYSBACK and last day back of the period

6. REQUIRED RECORDING METHOD

- a. Manual Records. All entries required to be made in ships store logs and forms not produced by ROM will be made in ink or by use of a typewriter. Erasures are prohibited. Errors will be ruled out, corrections will be made, and initials will be placed after each correction by the responsible person and the ships store officer. Reports required for returns submitted to Defense Finance and Accounting Service, will be typewritten.
- b. ROM Records. Only personnel designated by the ships store officer will enter data into ROM or make corrections to data. No corrections or "line outs" with corrected data are permitted on the ROM 153 report submitted to DFAS. If minor corrections are required, a note accompanying the 153 Report will be submitted explaining the reason and requesting the change. DFAS as the reconciliation activity will make the final decision on changes to the submitted form. At no time will ships be required to "re-do" any end of accounting period return previously submitted to DFAS. Any mistake found by audit teams will be communicated to DFAS who will provide instructions to the ship on how to correct the error, normally by an accounting adjustment.

1107 RESALE OPERATIONS MANAGEMENT (ROM) SYSTEM POLICY

1. GENERAL. The ROM data processing system is designed to assist ships store personnel in the ordering, management and control of ships store inventory, and in the production of reports and returns. ROM is compatible with existing policies and procedures.
2. USER AIDS. The ROM System User's Guide is the computer system reference book that provides detailed information on how to operate ROM. This publication may be obtained free from the Navy Exchange Service Command (Code A).
3. FILES. ROM may not produce all forms and documents used to document transactions or accountability. Accordingly either pre-printed forms or ROM forms may be placed in Ships Store files.
4. PROCEDURES IN CASE OF SYSTEM FAILURE. Detailed procedures to follow in case of ROM system failure are identified in Appendix G.

BLANK

PART C: SECURITY

1200 GENERAL

There are two security groupings assigned to the ships store: Group III and Group IV. Group III spaces are sales outlets and bulk storerooms. Group IV spaces are service activities.

1201 GROUP III SPACES

1. General. Group III spaces consist of the bulk storerooms and sales outlets, including retail stores, vending machines, amusement machines, and standard Navy clothing stores.
2. Group III Spaces (other than vending machines and amusement machines)
 - a. Padlocks. Keyless combination padlocks (stock number 5340-00-285-6523) will be used to secure all Group III spaces. Each keyless padlock will have a "setting-in key" and instructions for setting the combination. Each combination will be in a separate envelope with the name of the space annotated on the outside. The designated primary custodian of the space will:
 - (1) Set a combination in the lock (combinations should be selected at random, popular dates will not be used.)
 - (2) Record the combination on a piece of paper.
 - (3) Place the paper and the "setting-in key" in an opaque envelope.
 - (4) Seal the envelope
 - (5) Sign name and date over the flap of the envelope in the presence of the ships store officer. The responsible custodian will not record the combination anywhere other than on the paper turned in to the ships store officer. Also, the custodian will not disclose the combination to any person. The ships store officer will:
 - (a) Receive the sealed envelope
 - (b) Sign name and date over the flap in the presence of the custodian
 - (c) Affix transparent tape over the flap
 - (d) Retain the sealed envelope in a safe.

Combinations to keyless padlocks will be changed every six months and upon relief of the ships store officer and/or the responsible custodian. In the event that the keyless combination padlocks are not available from the supply support activity, key type padlocks (stock number 5340-00-682-1508 or 5340-00-582-2741) will be used in conjunction with a numbered car seal. The car seal number will be recorded in the Car Seal Number Log. The key type padlock will be used only until keyless padlocks are available. The duplicate key will be handled in the same manner prescribed for written combinations.

- b. Dead Bolt Door Locks and High Security Padlocks. In addition to the keyless padlock, a dead bolt door lock will be installed on all doors leading into Group III spaces. Where this is impractical, a high security key type padlock with shrouded shackle will be installed. The duplicate key will be placed in a sealed envelope which will be signed and dated across the flap by the ships store officer and responsible custodian and kept in the ships store officer's safe. Stock numbers for these items are available in the Afloat Shopping Guide (NAVSUP Pub 4400). Ships damage control and fire fighting procedures must be considered when installing additional locks.
 - c. Hinges and Hasps. High security hasps will be installed on doors to Group III spaces. Additionally, hinges should be installed so that the hinge pin is not exposed. Hinge pins that are exposed should be tack welded to preclude removal. The ship's engineering requirements should be considered to ensure PMS requirements do not preclude tack welding hinge pins on watertight entries.
- 3. Security of Group III spaces with more than one operator other than vending machine and amusement machines
 - a. General. When more than one operator is responsible for a retail outlet or bulk store room, the working key for the deadbolt/high security padlock will be kept in the custody of the ships store officer or a designated individual other than the operators. Operators will have the combination to the lock. Additionally, the use of numbered car seals is mandatory. (See para 1204).
 - b. Daily Procedures
 - (1) In order to open the accountable space, the ships store officer or designated individual will open the deadbolt/high security padlock. The operator designated to operate the outlet that day/shift will open the combination lock. Both individuals will check the numbered car seal to ensure no unauthorized entry has taken place. In the event of an unauthorized entry, the procedures outlined in para 1206 will be followed. During the day, more than one operator may be assigned, however, there must be contact relief between operators so that security of the space can be maintained. If a space with multiple operators is to be left unattended, a car seal must be attached to prevent unauthorized entry.

- (2) At the end of the day, the ships store officer or designated individual will be present when the outlet is closed.
 - (a) The operator will secure the combination lock
 - (b) The ships store officer/designated individual will secure the deadbolt/high security padlock
 - (c) Together, these two individuals will record the numbered car seal and ensure it is properly secured.
 - (d) After working hours, the working key will be placed in the ships store officer's safe or turned over to the duty supply officer for safekeeping.
 - (e) Weekends/Holidays and other than normal working hours. When a retail outlet is open on weekends, holidays or other than normal working hours, the working key will be maintained by the duty supply officer and the procedures outlined in subpara b (1) and (2) will be followed.

4. VENDING MACHINES SECURITY

- a. Padlocks. Either keyless combination padlocks (stock number 5340-00-285-6523) or key type padlocks (stock number 5340-00-682-1508 or 5340-00-582-2741) will be used to secure money boxes inside vending machines and amusement machines. The written combination or duplicate key will be handled as prescribed in subparagraph 1201-2. Keyless padlocks will be used on the outside of vending machines when installed locks do not provide sufficient security.
- b. Self-Locking Money Boxes. When locked moneyboxes are installed in vending machines, two sets of keys are provided:
 - (1) One to lock the box inside the machine
 - (2) The other to lock the money box itself

The key that locks the box inside the machine will be kept in the custody of the vending machine operator. The key to the lock that secures the coins in the money box will be kept in the custody of the ships store officer, cash collections agent or person designated to make collections. Duplicate keys will be handled as prescribed in subpara 1201-2. Padlocks are not required when self-locking moneyboxes are installed, provided the procedures in para 2411 and 2421 are followed.

- c. Dollar Bill Acceptors. When dollar bill acceptors are installed in vending machines, the acceptor will be secured with a hasp and lock. The key to this lock will be kept in the custody of the person designated to make cash collections.

5. **AMUSEMENT MACHINE SECURITY.** A metal restraining device is required for amusement machines. This device will lock in front of the coin box. A keyless combination padlock will be used to lock the device in place. The combination will be known only to the ships store officer or the person designated to make the collections.

1202 EMERGENCY ENTRY INTO GROUP III SPACES

1. **ENTRY BY THE SHIPS STORE OFFICER.** In the absence of the responsible sales outlet operator or bulk storeroom custodian, emergency entry into Group III spaces may be made by the ships store officer. Emergency entry will be made in the presence of two witnesses, one of whom should be a commissioned officer. The ship store officer will remove the combination and/or keys from the sealed envelopes and enter the space. The two witnesses will not leave the Group III space unattended while it is unlocked. When access is no longer necessary, the space will be secured by replacing the lock and sealing the space with a numbered car seal in the presence of the two persons witnessing the entry. The car seal number will be recorded in the car seal number log and initialed by the two witnesses. The car seal will be removed by the responsible custodian upon return in the presence of the ships store officer. The custodian will then be required to change the combination as described in para 1201-2a. Prior to changing the combination, the responsible custodian may, if desired, conduct an inventory of the space.
2. **ENTRY BY THE COMMAND DUTY OFFICER.** When the urgency of the emergency dictates and when both the responsible custodian and the ships store officer are absent the command duty officer may authorize entry into the space. Emergency entry will be made in the presence of at least two witnesses one of whom should be a commissioned officer. Damage control cutters or burners will provide the easiest and quickest entry. The two witnesses will not leave the Group III space unattended while it is unlocked. The command duty officer will secure the space with a lock and a numbered car seal in the presence of the two persons witnessing the entry. The car seal number will be recorded by the command duty officer and initialed by the two witnesses. The recorded car seal number will be given to the ships store office upon return. The general procedures outlined in para 1010-1 will be followed upon the return of the ships store officer and responsible custodian.

1203 GROUP IV SPACES

Group IV spaces consist of services activities, including barbershops, laundry, dry cleaning plant and tailor shop. No cash sale or transactions are made through service activities. If retail items intended for cash sale are stored in a service activity, the space will be considered a Group III space. Each Group IV space lock will be opened by an original key different from the key to any other space. The original key will be in possession of the person in charge of the space during working hours. After working hours, key will be turned over to the duty supply officer to be placed in a general key locker in the supply officer. Duplicate keys to individual spaces will be kept in a special duplicate key locker in the supply office, or in the supply officer's safe. If a lockset is used, the original master key (which passes all locks in Group IV) will be retained in the

custody of the ships store officer. The duplicate master key will be kept in a special duplicate key locker in the supply office, or in the supply officer's safe.

1204 CAR SEALS

The use of car seals to alert the ships store officer of possible unauthorized entry into sales outlets and bulk storerooms is recommended for all stores; but their use is mandatory for outlets with more than one operator. Numbered self-locking metal car seals (stock number 5340-00-081-3381) should be placed on all external locks when a space is secured for the day. The ships store officer or designated assistant will record the car seal number and together with the responsible custodian place the car seal on the space when securing for the day (see para. 1202.3). The embossed number of each car seal will be recorded in ink in a car seal number log each time a new seal is installed. Before breaking an installed car seal, the number will be checked to ensure it bears the number recorded upon installation.

1205 ADDITIONAL SECURITY MEASURES

Roll-up security grilles or scissors type gates are recommended to protect retail stores. An intrusion alarm system is recommended to protect retail stores and bulk storerooms. The alarm system should be connected to a central area that is manned 24 hours a day.

1206 THEFT OR FRAUD

1. Break-in. In the event of a break-in to a ships store space, the following steps will be taken:
 - a. Secure the space involved, place serialized seal on space where incident occurred.
 - b. Report the incident to the commanding officer who shall direct an informal examination into the circumstances. The examination will include:
 - (1) Inventory the accountable space and close out the Financial Control Records or Stock Record for the affected activity.
 - (2) Determination of the dollar value of the loss based on the inventory and closeout of records.
 - c. If the informal examination indicates no loss occurred, no further action is necessary and the ships store space may be reopened.
 - d. If the informal examination determines that a loss has occurred due to the break in, the Commanding Officer will:
 - (1) Relieve accountable officer or his/her agent when examination indicates culpability. Take action in accordance with paragraph 3.
 - (2) Request assistance from the local Naval Criminal Investigative Service (NCIS) office for losses in excess of \$2250.

- (3) Take disciplinary action in accordance with the UCMJ, if appropriate.
 - (4) Complete the inventory and reestablish accountability
 - (5) Reopen applicable records. In the event of relief of the accountable officer, records will be closed out and the relieved officer will submit returns.
 - (6) Commanding officer will report findings and action taken by letter to the type commander. A copy of the letter will be provided to fleet commander, NAVSUP, Navy Accounting and Finance Center, NEXCOM, and Naval Supply Corps School Athens. Message reports not required by NAVSUP. Submit any additional reports required by type commanders.
2. Theft. If a break in has not occurred and a loss due to apparent theft suspected take action identified in para 1206.1.
3. Fraud. Fraud in a ships store operation may only be committed by the accountable officer; his agent or any other personnel responsible for ships store cash, merchandise or records. The term "Fraud" applies to any theft of funds or merchandise or manipulation of records by an accountable officer or responsible individual in the ships store operation. Fraud or suspected fraud in the ships store operation regardless of money value, will be immediately reported to the commanding officer who shall direct an informal examination into the circumstances by a person other than the accountable officer or his agent. The examination will include:
 - a. Secure the space involved, place serialized seal on space.
 - b. Secure all ROM backup tapes and transactions on the ROM microcomputer.
 - c. Inventory and closeout of the entire ships store operation.
 - d. Determine the dollar value of the loss based on the inventory and financial control records closed out. If the informal examination indicates no fraud occurred, no further action is necessary and the ships store operation may be reopened for business.
 - e. If the informal examination determines that fraud has occurred, regardless of dollar value, the commanding officer will:
 - (1) Relieve the accountable officer or agent when the examination indicates culpability resulting from fraud.
 - (2) Request assistance from the local NCIS office.

- (3) Establish a formal fact finding body in accordance with the JAG Manual, para 0909.
- (4) When inventory is complete and accountability reestablished:
 - (a) Reopen applicable records. In the event of relief of the accountable officer, records will be closed out and the relieved officer will submit returns.
 - (b) Reopen spaces for business.
 - (c) The commanding officer will report findings and action taken by letter to the type commander. A copy of the letter will be provided to fleet commander, NAVSUP, Defense Finance and Accounting Center, NEXCOM and Naval Supply Corps School, Athens. Message reports not required. Submit any additional reports required by type commander.
- 4. For Losses of Cash NAVCOMPT Manual, para 041380 provides procedures to be followed for losses of cash. Message reports are not required.

1207 ROM SYSTEM SECURITY

- 1. GENERAL. The information generated and processed by ROM requires appropriate security restrictions to ensure that unauthorized access to resale records is not obtained. These restrictions are necessary to protect funds, information, inventories and supplies from fraud, misuse, or misappropriation.
- 2. RESPONSIBILITY. For security and accountability purposes, all systems administration tasks are assigned to the ships store officer. Before a user can gain access to ROM, appropriate user ID's, passwords and access codes must be input by the ships store officer. The ships store officer should input user ID's, and passwords on a "need to know" basis only. Password/Security instructions are contained in ROM Users Guide, which is distributed only to the ships store officer and is thoroughly covered during implementation. The ROM Security Access Rights list will be placed in an opaque envelope, sealed, and tape will be affixed over the flap. The envelope will be retained in the ships store officer's accountability file. The ships store officer will review the ROM Security Access Rights list monthly to ensure that ROM system security is intact. In the event of the absence or incapacity of the ships store officer, the procedures outlined in para 1010 will be followed.
- 3. CLASSIFIED MATERIAL. ROM is an unclassified system and is not intended to store any data that is classified.

BLANK

CHAPTER 2 – GENERAL OPERATING PROCEDURES

PART A: GENERAL INFORMATION	2-5
2000 AUTHORIZED CUSTOMERS	2-5
2001 HOURS OF OPERATION.....	2-7
2002 DISPLAY OF MERCHANDISE	2-7
2003 VISUAL MERCHANDISING SUPPORT SERVICES	2-7
2004 DISPLAY AIDS.....	2-8
2005 POSTING SIGNS	2-8
2006 SHIPS STORE MANAGEMENT	2-8
PART B: PRICING POLICIES	2-9
2100 ESTABLISHING SELLING PRICES (MARKUPS)	2-9
2101 PRICE ADJUSTMENTS OF SHIPS STORE AND STANDARD NAVY CLOTHING STOCK.....	2-10
2102 DELETED.....	2-10
2103 PRICES TO OTHER MILITARY ACTIVITIES	2-10
2104 DISPLAY OF PRICES	2-12
2105 PRICE LIST	2-12
2106 RETAIL PRICE CHANGE	2-12
PART C: HANDLING CASH FROM SALES	2-13
2200 GENERAL INFORMATION	2-13
2201 RESPONSIBILITY FOR CASH	2-13
2202 CASH REGISTERS AND CASH COLLECTION AGENTS SAFE	2-14
2203 UNCOLLECTABLE CHECKS.....	2-15
2205 BULK SALES	2-16
2206 REFUNDS.....	2-18
SECTION I: CHANGE FUNDS	2-19
2210 CHANGE FUND FOR ONE SALES OUTLET.....	2-19
2211 CHANGE FUND FOR MULTIPLE SALES OUTLETS	2-19
2212 DEFICITS IN CHANGE FUNDS.....	2-19
SECTION II: CASH COLLECTION PROCEDURES.....	2-21
2220 CASH COLLECTION GENERAL INFORMATION.....	2-21
2221 MONEY BAGS	2-21
2222 NIGHT DEPOSITORY SAFE.....	2-22
2223 CASH LEFT IN CASH REGISTER OVERNIGHT	2-23
2224 VENDING/AMUSEMENT MACHINES	2-24
2225 CASH REGISTER RECORD (NAVSUP FORM 469)	2-24
SECTION III: DEPOSITS WITH THE DISBURSING OFFICER	2-25
2230 DEPOSITS WITH DISBURSING OFFICER GENERAL INFORMATION	2-25
2231 ACTION BY THE SHIPS STORE OFFICER WHEN THE CASH COLLECTION AGENT COLLECTS AND DEPOSITS CASH.....	2-25
2232 MEMORANDUM CASH SALE INVOICE DEPOSIT OF CASH WITH THE DISBURSING OFFICER.....	2-25

PART D: EQUIPMENT MAINTENANCE AND SANITATION.....	2-27
2300 MAINTENANCE OF EQUIPMENT	2-27
2301 SANITATION.....	2-27
PART E: SALES OUTLETS.....	2-29
SECTION I: RETAIL STORES.....	2-29
2400 RETAIL STORES GENERAL INFORMATION	2-29
2402 MULTIPLE OPERATOR PROCEDURES.....	2-29
2404 NON-EPOS RETAIL STORE.....	2-29
SECTION II: VENDING MACHINES	2-31
2410 VENDING MACHINE GENERAL INFORMATION.....	2-31
2411 CASH COLLECTION.....	2-31
2412 OPERATIONAL CONTROLS.....	2-33
2414 MEASURING THE OVERAGE/SHORTAGE OF INDIVIDUAL VENDING MACHINES	2-33
2415 SANITATION.....	2-34
SECTION III: AMUSEMENT MACHINES.....	2-35
2420 AMUSEMENT MACHINE GENERAL INFORMATION	2-35
2421 CASH COLLECTION.....	2-35
2422 OPERATIONAL CONTROLS.....	2-36
2423 OVERAGES AND SHORTAGES	2-36
2424 REMITTANCE TO CONTRACTOR.....	2-36
PART F: SERVICE ACTIVITIES	2-39
SECTION I: BARBERSHOPS.....	2-39
2500 EXTENT OF BARBER SERVICE.....	2-39
2501 RECORDS AND OPERATIONS	2-39
2502 SERVICE ACTIVITY SUPPLIES - BARBER SHOP	2-39
2503 SANITATION.....	2-39
SECTION II: LAUNDRY.....	2-41
2510 EXTENT OF LAUNDRY SERVICE	2-41
2511 ASSIGNMENT OF PERSONNEL.....	2-41
2512 RECORDS AND OPERATIONS	2-41
2513 ACCOUNTING FOR LAUNDRY SERVICES.....	2-42
2514 SERVICE ACTIVITY SUPPLIES - LAUNDRY	2-42
2515 LAUNDRY CLAIMS	2-42
2516 SANITATION AND SAFETY.....	2-42
2517 HEAT STRESS PROGRAM	2-42
2518 PROCUREMENT OF LAUNDRY SERVICES.....	2-42
SECTION III: DRY CLEANING PLANT	2-43

2520	EXTENT OF DRY CLEANING SERVICE	2-43
2521	RECORDS AND OPERATIONS	2-43
2523	SERVICE ACTIVITY SUPPLIES - DRY CLEANING	2-43
2524	CLAIMS	2-43
PART G: DOLLAR BILL CHANGERS.....		2-45
2600	GENERAL INFORMATION	2-45
2601	CASH COLLECTION.....	2-45
2602	OVERAGES AND SHORTAGES	2-45
2603	PROCUREMENT	2-46

BLANK

CHAPTER 2 - GENERAL OPERATING PROCEDURE

PART A: GENERAL INFORMATION

2000 AUTHORIZED CUSTOMERS

1. GENERAL. The following are authorized customers of the ships store:
 - Officers and enlisted personnel on board for duty as Ship's company.
 - Officers and enlisted personnel on board either for active duty for training or for passage en route to duty, including members of the Navy, Marine Corps, Coast Guard, Army or Air Force
 - Official passengers including National Oceanic and Atmospheric Administration, Public Health Service and U.S. Foreign Service personnel en route to duty
 - Accredited United States technicians (military or civilian) who are actually embarked or assigned on board in an official capacity
 - Active duty members of the Armed Forces, and those personnel listed in items c and d, which are not actually on board, when located in a remote area where an Armed Forces exchange is not available.

Insignia items for Navy uniforms will not be sold to customers who are not authorized to wear the items on their uniforms. The sale of emblematic items is authorized to the general public when approved by the commanding officer during shipboard tours or other official functions.

2. SERVICE TYPE SHIPS. On service type ships (such as AS type), ships store stock and standard Navy clothing is authorized for sale to officers and enlisted personnel other than ship's company when they are attached to those ships receiving support.
3. ITEMS PURCHASED BY CUSTOMER. Items purchased from the ships store by customers will be for their personal use or their dependent's use and will not be resold to or exchanged in barter with any other person. Ships store purchases may be made for outright gifts to other persons.
4. SURVIVORS OF MARINE AND AIRCRAFT DISASTER. Ships store stock and non-distinctive items of clothing may be sold for cash to the survivors of marine and aircraft disasters, if the survivors have personal funds available. If a survivor is without personal funds, emergency issues of ships store stock may be made as per para 7313.
5. OTHER MILITARY ACTIVITIES.
 - a. Sales.
 - (1) Sales of ships store stock and items of standard Navy clothing may be made to:

- Ships not operating a ships store
 - Armed Forces exchanges
- (2) Sales of ships store stock and non-distinctive clothing items may be made to:
- Military Sealift Command branch exchanges
 - Private messes
 - The commanding officer for recreational purpose
 - Other duly constituted messes which have been authorized by the commanding officer and whose monthly records are audited.
- (3) Sales will be made at the prices set under para 2103-1.
- b. Transfers. Transfers of ships store stock and standard Navy Clothing stock may be made to other supply officer's including:
- Other ships store officers
 - General mess
 - General stores
6. OFFICIAL GOVERNMENT ORGANIZATIONS. Upon approval of the commanding officer, ship store stock and non-distinctive items of clothing may be sold for cash to representatives of official United States government organizations at isolated activities outside the United States when the stock items cannot be conveniently obtained elsewhere. The normal operations of the ships store will not be impaired by these sales.
7. FOREIGN GOVERNMENTS
- a. Personnel of Foreign Ships in Distress. Ships store stock and non-distinctive items of clothing may be sold for cash to personnel of foreign ships, which are in distress. The commanding officer of the foreign ship will submit a request listing the items and quantities desired. The request must be approved by the commanding officer of the ship making the sale. Only those quantities of stock that can be spared will be furnished.
- b. Personnel of Foreign Ships Visiting United States Ports. Ships store stock and non-distinctive items of clothing may be sold for cash to military personnel attached to foreign ships visiting United States ports in connection with the following:
- Participation in exercises with United States fleets
 - Research, development and evaluation programs
 - Ship's outfitting in conjunction with transfer programs to foreign countries
 - Scheduled conversion, overhaul, or repairs in United States ports.

The commanding officer of the foreign ship will submit a request listing the items and quantities desired. The request must be approved by the commanding officer of the ship making the sale. Quantities sold will be in agreement with the crew size of the foreign ship. Only those quantities of stock that can be spared will be furnished.

8. MERCHANT SHIPS. Ships store stock and non-distinctive clothing items may be sold for cash to merchant ships in distress or in need of supplies when normal sources do not exist. The master of the ship will submit a request for sale listing the items and quantities desired. The request must be approved by the commanding officer of the ship making the sale. Only those quantities of stock that can be spared will be furnished.

2001 HOURS OF OPERATION

Sales outlets and service activities will be open during hours as may be prescribed by the commanding officer. The hours of operation will be prominently posted. (See Standards of Customer Service, Appendix D.)

2002 DISPLAY OF MERCHANDISE

Despite limited facilities in many retail stores, consideration should be given to merchandise displays. A well-run retail store will display, in full view of customers, a clean, neat, and orderly selection of most of the items carried. Popular and fast moving items may be kept in the proximity of the sales outlet operator for easy access. Merchandise display information is given in the Ships Store Visual Merchandising Guide #90-33. (See Standards of Customer Service, Appendix D).

2003 VISUAL MERCHANDISING SUPPORT SERVICES

1. GENERAL. Visual merchandising support services are available from the NEXCOM Fleet Operations Assistance Teams in Norfolk, Virginia and San Diego, California. Services can be obtained by ships stores and will be provided during in-port periods. Visual merchandising support may also be available from the local Navy Exchange. Fleet Assistance teams provide their services for free to the ships. The Navy Exchange may charge for its support.
2. PROCEDURES FOR OBTAINING SUPPORT SERVICES. Contact the local NEXCOM Fleet Operations Assistance Teams to determine when visual merchandising support services are available. If available, set a date and time services can be obtained.
3. DETERMINING COST OF SUPPORT SERVICES. The Navy Exchange will advise the cost for support services, which will include payroll plus the actual cost price of material furnished by the Navy Exchange.
4. OBTAINING SERVICE. Ships will notify NEXCOM who will assist in obtaining the service for the ship if the Navy Exchange requires reimbursement.
5. ACCOUNTING PROCEDURES. The total cost for the visual merchandising support service received will be charged to the individual ship's profits. If the

ship cannot absorb the cost of these services, the ship should request a loan from the Navy Exchange Service Command. The cost of the services will be accounted for as per para 4222.

2004 DISPLAY AIDS

Display aids available for visual merchandising are contained in the Ships Stores Visual Merchandising Guide #90-33. The cost of display aids will be charged to the individual ship's profits. To procure display aids, notify NEXCOM (A) who will procure the items for the ship. The purchase will be accounted for as per para 4222.

2005 POSTING SIGNS

Signs providing valuable information to the customer on such things as harmful effects of cigarette smoking and government regulations will be posted where customers can see them. (See Standards of Customer Service, Appendix D.)

2006 SHIPS STORE MANAGEMENT

The ships store officer will review the operation of the ships store on a frequent basis to ensure that it is operating in an efficient manner. ROM produces a variety of management reports and audit guides (see ROM II Users Guide) that will assist the sales officer in managing the operation.

PART B: PRICING POLICIES

2100 ESTABLISHING SELLING PRICES (MARKUPS)

1. GENERAL. Ensuring the selling prices for items to be sold in the sales outlets are consistent with the guidelines stated in this manual is the responsibility of the ships store officer. Selling prices for ships store stock will be set by markups over cost price. Subparagraph 2(c) are recommended guides for determining selling prices when transportation charges are included. The ROM System has the capability to automatically compute the markup for ships store items based on the retail department in which each item is placed. Except for mandatory priced items, subparagraph. 2(a) and 3, the sales officer may override the ROM system markup by keying in the desired selling price. In the case of cigarettes, it is mandatory the ships store officer override the ROM system markup by keying in selling prices published periodically by the Navy Exchange Service Command. Markups applied should be sufficient to:
 - Cover markdowns and surveys
 - Cover the cost of operations
 - Cover other operating expenses such as shipping charges
 - Meet the requirements of the commanding officer for profits to be turned over to the recreation fund
2. STOCK ITEMS (EXCLUDING STANDARD NAVY CLOTHING AND CIGARETTES). Stock items will have an initial markup of either 6 percent or 15 percent depending on the retail department assigned to the item.
 - a. Stock Items Received without Transportation Charge. A mandatory 6 percent markup will be applied to following departments:
 - Toiletries (Dept. D-1), Stock # series 110000
 - Sundries (Dept. D-3), Stock # series 120000
 - Uniforms (Dept. E-1), Stock # series 530000

ROM will automatically compute the 6 percent markup when merchandise is assigned to these departments.

- b. For All Other Retail Department Stock Items.
 - (1) ROM will automatically compute a 15 percent markup on all other retail departments for items sold in the retail store.
 - (2) For Cigarettes. Navy policy requires cigarette/tobacco prices to be consistent in sales outlets afloat and ashore. Therefore, cigarette/tobacco materials must be priced in accordance with the current price bulletin published by NEXCOM.

The ships store officer will manually override the ROM system with the approved prices.

- c. **Stock Items with Transportation Charges.** ROM does not include transportation charges in automatically computing selling prices. These charges will show as cost of operation charges. Ships may adjust retail-selling prices to reflect the transportation cost.
3. **STANDARD NAVY CLOTHING.** Items of standard Navy clothing will be sold at the standard price as indicated in the Navy Clothing Price List for Men and Women (NEXCOM Pub 90). ROM users will assign department code L-1 to stock records for all standard Navy clothing items. ROM will not compute a markup for department code L-1 items because L-1 is not set up as a standard department. If a store desires to stock and sell L-1 clothing, the department must be established and cost/retail prices set by the Ships Store Officer. When clothing becomes defective within an unreasonable short time after sale, it will be replaced from stock without charge and surveyed immediately to the Navy Working Capital Fund.
4. **FOREIGN MERCHANDISE.** Prices for foreign merchandise will be set in accordance with para 3214 and 3224.
5. **DRINK VENDING MACHINES.** Canned drinks sold through a vending machine have a suggested minimum 35% markup but shall have no greater than a 55% markup applied.

2101 PRICE ADJUSTMENTS OF SHIPS STORE AND STANDARD NAVY CLOTHING STOCK

1. **GENERAL.** ROM will compute the unit cost price of all items by averaging the cost of on hand items with the cost of new items to determine the new average cost. Cost and retail prices on the stock record card will be computed automatically.
2. **MARKONS.** A mark-on is an increase in a previously established retail price of an item of merchandise. When approved by the ships store officer the new retail price will be entered on the stock record card. The mark-on takes effect when the information is transferred to the cash register.
3. **MARKDOWNS.** A markdown is a reduction in a previously established retail price of an item of merchandise.

2102 DELETED

2103 PRICES TO OTHER MILITARY ACTIVITIES

1. **NONEXCESS SALEABLE STOCK**
 - a. Stock sold at cost price. Items of ships store stock will be sold at cost price to the following military activities:
 - Armed Forces exchanges
 - Military Sealift Command branch exchanges

- Ships not operating a ships store, when the transferring ship does not provide a composite recreation fund (in other words, the requesting ship does not receive a share of the profits from another ships store (Composite Recreation Fund))
- b. Stock sold at retail price. Items of ships store stock will be sold at retail price to the following military activities:
- The commanding officer for recreational purposes
 - Sales to a ship not operating a ships store, when the transferring ship provides a composite recreation fund (in other words, the requesting ship shares in the profits of a supporting ships store, for example, SSNs supported by an AS)
 - Merchant ships and foreign governments
- c. Stock transferred at cost price. Items of ships store stock will be transferred at cost price to other supply officers, including:
- Other ships store officers
 - General mess
 - General stores
- d. Stock sold to the commanding officer for official functions. SECNAVINST 7042.7J, Guidelines For Use Of Official Representation Funds (ORF), provides authority for the use of ORF for the purchase of mementos for presentation to foreign dignitaries and other officials. In those circumstances when ORF are not available or are not authorized, emblematic items of ships store stock may be sold to the commanding officers at cost when the items are to be provided as gifts or mementos for official purposes. It should be noted that SECNAVINST 7042.7J limits gifts and mementos to command or official theme mementos/gifts including but not limited to plaques, pens, books, command/ship ball caps, and other items with an official logo that cannot be misconstrued as a personal gift. Personal gifts such as sports equipment, t-shirts, golf shirts, flight jackets, uniforms, scarves, ties, tobacco, flowers, and other items that by their nature are considered personal may not be sold from the ships store stock under this authority. The commanding officer shall submit a written request to the ship's store listing the quantity and description of the mementos required and the identity of the recipient(s). The ship's store will process the transaction as a Bulk Sale IAW para 2205. The official letter will be retained in B12 file with a copy of the DD Form 1149 to document the Bulk Sale.
2. **EXCESS OR UNSALEABLE STOCK.** Items of ships store stock that have been determined to be un-saleable or in excess in accordance with para 3333-1 will be sold or transferred at a mutually agreed upon price.
3. **STANDARD NAVY CLOTHING.** Items of standard Navy clothing will be transferred at the standard price indicated in the Navy Clothing Price List for Men and Women (NEXCOM Pub 90).

2104 DISPLAY OF PRICES

1. RETAIL STORE MERCHANDISE. Each item of merchandise in a retail store will be individually marked with the selling price, except as indicated in subparagraph 2. This will ensure greater efficiency in selling and merchandising. Adhesive backed machine marked tickets will be attached to each item without damaging or defacing the merchandise so as not to detract from salability. Price tickets will be attached uniformly to similar items to be readily visible with as little handling as possible. Crayons or grease pencils should not be used to price mark individual items. Information on hand held labelers and price tickets are available in the Ships Store Visual Merchandising Guide #90-33. Hand held labelers and price tickets would be procured the same as other display aids (see para 2004).
2. EXCEPTIONS. Items with UPC codes are not required to be priced if shelf labels showing the prices are used to identify the item and price. For items that do not come with an UPC, the ship will produce bar codes/UPCs for these items. ROM has the ability to generate shelf labels/barcodes that identify the item's stock number and price.
3. PROCEDURES. Pricing for all items will be done automatically in the ROM system. Upon receipt of merchandise, the retail store operator will ensure that each item has a barcode or UPC. If an item does not have a bar code attached, the barcode may be placed in a price book at the register and scanned at point of sale.

2105 PRICE LIST

The ROM cash register provides a look up feature for any item. A posted document is not required.

2106 RETAIL PRICE CHANGE

The ships store officer has the authority to change the retail price. For Markdowns to Zero in which the items will be destroyed, the ship will use a Report of Survey Form DD Form 200 charging ships store profits. For mark down to zero items the supply officer has the authority to approve the markdown and destruction of the item. On the Form 200 in Block 14(a) Comments the following statement will be entered in the ROM system:

"I have personally seen the merchandise listed here marked down to zero and have ordered it destroyed."

The Supply Officer will sign as the approving official.

PART C: HANDLING CASH FROM SALES

2200 GENERAL INFORMATION

1. SALES. Cash will be accepted for sales in the ships store as described in subparagraphs 2-3. Ashore ships stores may offer credit card sales when approved by NEXCOM and authorized equipment is installed. Debit card or smart card sales are authorized when the card or electronic fund system is connected to the cash register and certified by NEXCOM, the ship's Type Commander and the Disbursing Officer. Procedures for the acceptance and handling of debit card sales, credit card sales and electronic fund sales are provided by separate instructions.
2. CURRENCY. Only United States currency will be accepted for sales in the ships store.
3. CHECKS
 - a. PERSONAL CHECKS. Only personal checks from active duty and active duty for training personnel will be accepted in the ships store. Two party checks will not be accepted. A personal check will be accepted only for the amount of a purchase. Personal checks must be on a United States bank account, stated in terms of United States currency, and inscribed with the printed name of the purchaser and magnetic ink bank account number. Personal checks will be made payable to USS_____".
 - b. TRAVELER CHECKS. Travelers' checks from active duty and active duty for training personnel will be accepted in the ships store.
 - c. CHECK INFORMATION REQUIRED. Checks will bear the signature, social security number and duty station of the purchaser. The retail store operator is responsible for positively identifying the presenter of a check as an active duty or active duty for training person. The operator will compare the signature on the purchaser's Armed Forces Identification Card (DD Form 2) or (DD Form 2 (Reserve)) with that on the check.

2201 RESPONSIBILITY FOR CASH

1. CASH REGISTER OPERATORS. Operators are responsible to the ships store officer for all cash received from sales while such funds are under their cognizance. Operators will exercise care and diligence in all sales transactions and will be subject to disciplinary action for negligence or improper performance of duties. Access to cash registers will be limited to personnel approved by the Sales Officer. Operators are responsible for scanning the items correctly, collecting the correct amount and making change.
2. CASH COLLECTION AGENT. The cash collection agent is responsible to the ships store officer for all cash collected from sales outlets and dollar bill changers while such funds are under the agent's cognizance. The cash collection agent will exercise care and diligence in collecting monies and is subject to disciplinary action for negligence or improper performance of duties.

3. SHIPS STORE OFFICER. The ships store officer is personally responsible and accountable to the Navy Department for official funds in the officer's custody (see para 1007). The ships store officer is not authorized to make any disbursement other than to transfer ship store funds to a disbursing officer.

2202 CASH REGISTERS AND CASH COLLECTION AGENTS SAFE

1. CASH REGISTERS

- a. General. All cash from sales, debit card transactions or credit card transactions in sales outlets will be processed through a cash register at the time of sale. Sales will be recorded daily in the Cash Register Record (NAVSUP Form 469). ROM cash registers provide customers a clear view of the amount of the purchase and an itemized receipt of items purchased. Cash registers will normally be procured with the ship's OPTAR funds. If OPTAR funds are insufficient, the ship may authorize the purchase using its profits. Access to cash registers will be limited to the assigned cash register operator.
- b. Cash Register Tapes. The cash register will produce a receipt tape that can be provided to the customer at time of sale. Ships store officers have the authority to change the amount of total sale at the cash register to eliminate the printing of a cash receipt for the customer. This would normally be done at snack shops where total cash purchase would be small. The cash register will also maintain an electronic journal of all register transactions.
- c. Cash Register Keys. The Sales Officer or his designated assistant will maintain control of one of the cash register keys. The duplicate key will be kept in a sealed envelope in the sales officer's accountability file.

2. CASH COLLECTIONS AGENTS SAFE

- a. General. Until cash received from sales can be deposited with the disbursing officer, all collections will be kept in a safe which meets the requirements set forth in the DOD Financial Management Regulation, Volume V, Chapter 3. If there is more than one cash collection agent, each agent will have a separate safe. The name, address and telephone number of the cash collection agent will be placed on the outside door of the safe.
- b. Combination to the Safe. Only the cash collection agent will have the combination to the safe. Placing the combination in a sealed envelope to be kept in the custody of the ships stores officer or any other person is prohibited. At a minimum, the combination to the safe will be changed at least once every six months and upon relief of the cash collection agent.
- c. Emergency Entry into the Safe. When physically incapacitated and unable to open the safe, the cash collection agent, upon order of the commanding officer, may give the combination to a designated board of officers. In the event of the death, unauthorized absence or mental

incapacity as determined by competent medical authority, of the cash collection agent or when it is necessary to relieve the cash collection agent for any cause, including arrest or suspension, the commanding officer will follow procedures outlined in para 1010.

2203 UNCOLLECTABLE CHECKS

1. RECEIPT OF UNCOLLECTABLE CHECK. When a check is returned to the ships store officer, the disbursing officer will immediately be reimbursed from cash in the retail store cash register. The check will be placed in the cash register until collected by the cash collection agent. A separate entry will be made in the Cash Register Record (NAVSUP Form 469) indicating the dollar amount of the check. The entry will substantiate the difference between what should have been collected and the actual collected amount. Pending settlement of the check, the check will be placed in the uncollectable check AO file. ROM treats un-collectable checks as a loss of profit until collected. The dollar amount shall not be counted as money value inventory.
2. UNCOLLECTABLE CHECKS THAT ARE SETTLED. The ships store officer will take immediate action to obtain settlement for the check. These actions will include as a minimum: contacting the individual personally or by telephone, forwarding a letter request for assistance to the commanding officer of the individual's new duty station if no longer part of the ship's company, or contacting the individual at home by the most expedient means if the individual is no longer in the military.
 - a. Reimbursement Received. When cash, a certified check or money order is received for settlement, the uncollectable check will be returned to the store where it will be placed in the cash register. When the store receives payment the check will be returned to the individual purchaser. The cash will be collected along with other cash received from sales for the day. A separate entry will be made in the NAVSUP Form 469 indicating the check has been settled and represents an overage in the collections. The amount will be included in the total figure collected and will be annotated on the NAVSUP Form 469 as part of the collection.
 - b. Checkage of Pay. If normal collection efforts fail, the ships store officer will request the disbursing officer to make a pay record checkage in accordance with DOD Financial Management Regulation Volume 5, Chapter 4. After the checkage has been made, the disbursing officer will remit the collection to the ships store officer. The ships store officer will place the amount in the cash register and return the check to the individual purchaser. An information entry will be made in the NAVSUP Form 469 to indicate the check has been settled.
 - c. Check is Unsettled at the end of an Accounting Period or Upon Relief of the Ships Store Officer or Ships Store Outlet Operator. Unsettled checks shall be filed in retain returns. The sales officer shall have the option of keeping the unsettled check for one additional accounting period if reimbursement is anticipated.

- d. Financial Disposition. Uncollectable checks will be accounted for as a reduction of gross profit. The total dollar amount will be absorbed in the retail gross profit as they represent a reduction of funds collected from sales. Any uncollectable check, which has been “written off”, will be destroyed by shredding.

2205 BULK SALES

1. GENERAL. Bulk sales are made at cost price. Bulk sales are made to:
 - Navy exchanges
 - Military Sealift Command branch exchanges,
 - Ships not operating a ships store when the transferring ship does not provide a composite recreation fund (in other words, the requesting ship does not receive a share of the profits from another ships store, see para 2103-1).
 - Ship Commanding Officers when obtaining emblematic items for official presentations.
2. NORMAL PROCEDURES FOR HANDLING BULK SALES
 - a. Bulk Sales Expenditures. Bulk sales will be made using the ROM generated Requisition and Invoice/Shipping Document (DD Form 1149) as an expenditure document. The issuing ship will prepare the DD Form 1149. Captions to review are as follows:

Data Block and Caption Instructions for Entry

Block 4	Check date
Block 5	Check expenditure number
Block 7	Check date
Block 9	Check name address of requesting activity is correct
Block 10	Check P-487 statement
Block 11	Ensure Sales Officer has approved sale.
Block 14	Check date
Block 17	Accounting Data ROM enters the accounting data for the Navy Working Capital Fund
Appropriation	97X4930.NC1A
Object Class	000
Bureau Control No.	21001
Auth. Acct. Act.:	060951
Trans Type:	3C
Prop. Acct. Act.	100721
Cost Code:	12 digits consisting of two O's, then the UIC of the issuing ship, followed by 98704

b. Sales Procedures Sequence.

- (1) Decision to process a bulk sale. A bulk sale occurs when a ship receives a request from an authorized activity to sell merchandise at cost or the ship decides to sell merchandise to a vendor or Navy exchange at cost. Normally the cost price is the same as shown on the stock record card. The cash reimbursement offered by the receiving activity may be less or more than the stock record price. If different, the ship will make adjustments. Any difference in price will be accounted for as an increase in the ships cost of operations'. All bulk sales will be made from the bulk storeroom. No bulk sale will be rung up in a retail outlet cash register.
- (2) ROM Records Process-to-Process Delivery. Records keeper:
 - (a) Lists the merchandise that will be sold, quantity, and selling price. Selling price may be the same or different than listed stock record cost price. ROM will show the dollar difference if any based on entered information.
 - (b) Print invoice and review for correct information. Obtain Sales Officer approval when correct, print two copies and obtain Sales officer signature.
 - (c) Pass to bulk custodian who will pick and pack merchandise for delivery. Bulk Custodian will hand write their name and date of sale on the form.
 - (d) Merchandise and two copies of the form are delivered to receiving activity. Receiving activity circles quantities received and signs form that they accepted the merchandise. Receiving activity keeps the copy of the form and returns original to issuing ship.
 - (e) Upon receipt of original form with signatures, records keeper files it in B12 file.
- (3) ROM process to record payment. Normally payment is not received at the time of sale. Because the merchandise is no longer on board, any inventory of line items will show a difference between book inventory and actual inventory. Sales Officers will add the quantities shown on the bulk sale document to on hand inventories to maintain correct accountability if an inventory count is taken. The merchandise will be expended from the records when the sale is confirmed in ROM and payment received:
 - (a) If payment is received at time of delivery, the delivery person will annotate the amount on the Form 1149 and turn the money over to the Cash Collection Agent. The Cash Collection Agent will annotate the amount in the NAVSUP 469 on a separate page. If payment is received

later, the amount will be annotated on the 1149 and check turned over to Cash Collection Agent.

- (b) The records keeper will verify the amount delivered, quantities, and cost prices of the ship's form compared to the vendors' form.
- (c) Records keeper will record the sale by entering the Bulk Sales function and finding the expenditure number. Entering the Add/View function will enable the records keeper to verify the information or make changes to quantities or prices if required. When information is correct the records keeper will select "Confirm Bulk Sales/Cash" which will post the information to the stock record card, NAVCOMPT 153, and Cash Sales Memorandum. If there were differences in cost and reimbursable amounts, the difference will post to Line B22, Cost of Operations. The records keeper will forward original 1149 copy to Sales Officer for filing in B12 AO file.

2206 REFUNDS

1. GENERAL. All sales made in the ships store will be final. Refunds may be made for defective merchandise under the following conditions:
 - a. For merchandise covered by a guarantee: Returns will be accepted and refunds will be made, providing the return date is within the manufacturer's guarantee or warranty period.
 - b. For merchandise not covered by a guarantee: Returns that can be reasonably determined to have been defective at the time of sale, refunds may be made for material returned within 30 days of the purchase date.
2. PROCEDURES

The retail store operator is authorized to accept a refund item and give the customer a cash refund with written authorization from the ships store officer. Written authorization may be as restrictive as a signed memo from the Sales Officer for each refund or a refund policy established by the ship that outlines dollar value approval levels and specific authority for the cash register operator. The Sales Officer will review refund amounts daily. Defective merchandise covered by guarantee will be returned to the vendor for credit or replacement under the terms of the guarantee. Repairs to other merchandise may be procured from commercial sources in accordance with para 4204, if attempts to secure replacement or repairs from the vendor are unsuccessful. In some instances, defects may be of such a nature that merchandise may be sold at a reduced price or surveyed as a charge to individual ships store profits.

SECTION I: CHANGE FUNDS

2210 CHANGE FUND FOR ONE SALES OUTLET

At the beginning of each accounting period and when a sales outlet is reopened after being closed for more than 72 hours, the disbursing officer will entrust official funds to the custody of the sales outlet operator as a change fund. The fund will be the minimum amount necessary as prescribed by the commanding officer in written instructions to the ships store officer. An instruction on the change fund, including the amount of the fund as approved by the commanding officer, will be included in the supply department instructions (see para 1105). Usually the change fund should not exceed \$50 for each cash register in use. The disbursing officer will obtain a Statement Of Agent Officer's Account DD 1081 from the sales outlet operator for the amount advanced. The amount of change advanced will not be registered on the cash register but will remain in excess of cash received from sales. At the close of the business day, the sales outlet operator will return the amount of advanced funds to the disbursing officer prior to the cash register reading, at which time the receipt will be destroyed. Change funds advanced by the disbursing officer may remain in the cash register overnight only when the day's sales have not produced sufficient cash for change for the following business day. Normally, after cash is collected at the end of the business day, an amount of change less than \$50 may be left in the cash register (see para 2223). On special occasions such as paydays, when a larger change fund is temporarily required, an extra amount may be entrusted to the sales outlet operator. The extra amount will be specified by the commanding officer.

2211 CHANGE FUND FOR MULTIPLE SALES OUTLETS

On ships operating multiple sales outlets, the disbursing officer may entrust change funds to the custody of the ships store officer or cash collection agent with the written approval of the commanding officer. The amount advanced will be the minimum considered necessary to provide a change fund for the sales outlets during periods of operation. The disbursing officer will take the receipt of the ships store officer or cash collection agent for the amount advanced. Monthly, an officer, other than the ships store officer, designated by the commanding officer will audit this change fund. The verifying officer will send a report of the change fund audit to the commanding officer with a copy to the ships store officer and the disbursing officer. The ships store officer will file the audit reports in the Military Correspondence File (WK 3). When the ships store officer or cash collection agent is replaced or the operation of the sales outlets is discontinued, the change fund will be returned to the disbursing officer in exchange for the receipt. When operating under the provisions of this paragraph, the ships store officer or cash collection agent under the procedures prescribed in para 2210 will advance funds to the sales outlet operators.

2212 DEFICITS IN CHANGE FUNDS

1. GENERAL. In the event of a deficit in the change fund advanced to a sales outlet, the amount of the deficit will be taken out of proceeds from sales. A deficit in the change fund entrusted to the ships store officer or cash collection agent will also be corrected using cash received from sales. The disbursing officer's accountability will not be affected.

2. LIQUIDATION. Upon written authorization from the commanding officer, the custodian of the money may voluntarily commit personal funds to liquidate the deficit. If voluntary liquidation of the deficit in the change fund is not made, the change fund will be reimbursed from cash received from sales as per DOD Financial Management Regulation Vol. 5 before depositing cash with the disbursing officer. To indicate the dollar amount the change fund was reimbursed, an appropriate notation will be made in the applicable Cash Register Record (NAVSUP Form 469). The notation in the Cash Register Record will document the difference between the amount collected and the amount turned in to the disbursing officer.
3. REPORTS. When the amount of a deficit is \$250 or less and the deficit is immediately liquidated under subpara 2, a report is not required to the Navy Exchange Service Command. For all deficits where theft, fraud or other dishonest act is indicated, a report will be made under para 1206.

SECTION II: CASH COLLECTION PROCEDURES

2220 CASH COLLECTION GENERAL INFORMATION

1. RESPONSIBILITY FOR COLLECTION. The ships store officer is responsible for collection and deposit of cash received from sales in the ships store operation. However, if desired, the ships store officer may have an officer or enlisted assistant designated in writing as a cash collection agent under DOD Financial Management Regulation, Volume 5, Chapter 3. The cash collection agent will not be assigned as the retail store, vending machine, or amusement machine operator. Although not recommended, the records keeper may be designated as the cash collection agent when sufficient personnel are not available. Also, when sufficient personnel are not available, the disbursing officer, deputy or agent cashier may make collections. Disbursing personnel may not be designated as cash collection agents, but by virtue of their position may accept collections from ships store personnel.
2. PROCEDURES FOR COLLECTION. Cash received from sales in each sales outlet will be collected and counted at the close of each business day except as authorized in para 2223 and 2224. The sales officer or cash collection agent will conduct end of day reconciliation process. The cash will be counted by retail operator and cash collection agent and recorded in the NAVSUP 469 (Cash Collection Record). Cash will be turned into the disbursing officer and NAVSUP 470 signed. The ships store officer or his designated representative will enter the amount shown on the NAVSUP 469 into the ROM end of day reconciliation screen. ROM will post the collection and show any cash shortage or overage. When more than one shift is in operation, all cash from sales will be collected at the end of each shift as part of the "drop cash" procedure. All cash, including the change funds will be collected and posted at the end of the accounting period, upon relief of the ships store officer and upon relief of the sales outlet operator.
3. DELIVERY OF CASH BY SALES OUTLET OPERATORS. When conditions make it impractical for the ships store officer or cash collection agent to collect cash, the sales outlet operators will deliver cash from sales to the ships store officer, cash collection agent, disbursing officer or agent cashier. The collection person will read vending machine meters, cash totalizers and amusement machines upon fund collection.

2221 MONEY BAGS

1. GENERAL. A retail store may be opened after regular working hours including weekends, when it is not practical for the ships store officer or cash collection agent to collect cash. During these times, moneybags will be used to collect all cash in the register including the change fund.
2. MONEYBAG LOG. All moneybags will be numbered on the outside. A moneybag will be logged out at the time of issue in a locally developed log. Log entries must contain at a minimum:

- The date and time
- Signature of the person issuing the moneybag
- Signature of the person receiving the moneybag

The supply department duty officer or another commissioned duty officer will keep the log in his possession during the duty day.

3. KEYS TO MONEYBAGS. Moneybags are provided with two keys:
 - a. One must be kept by the retail store operator
 - b. The other key will be kept in a sealed envelope in the ships store officer's safe. The sealed envelope will be signed across the flaps by the ships store officer and the retail store operator.
4. BASIC PROCEDURES. After closing the retail store, the operator will place the cash received from sales and the change fund in the moneybag. Moneybags will be locked and turned over to the supply department duty officer or another commissioned duty officer to be placed in a safe for safekeeping. The duty officer will sign for receipt of the moneybag in the log. The duty officer need not count the cash in the bag. Each subsequent transfer of the locked moneybag will be recorded in the log. Before the start of the next business day, the ships store officer will determine if there was an overage or shortage of funds collected. The retail store operator will open the locked moneybag and the cash will be counted and collected by the ships store officer or cash collection agent.
5. LOCAL PROCEDURES. Local instructions must be established by the ships store officer to ensure that responsibility for custody of money bags can be easily determined at all times. The money bag log will be used to determine responsibility for the moneybags. The supply department duty officer or other commissioned duty officer and the retail store operator must have their responsibilities clearly explained to them.
6. PROCUREMENT OF MONEYBAGS. Moneybags are listed in the Ships Store Visual Merchandising Guide #90-33. The cost of the moneybags will be charged to the individual ship's profits. To procure moneybags, the ship will notify the Navy Exchange Service command and prepare a Special DD Form 1155 for receipt purposes when NEXCOM provides the information. The purchase using Ships Store Profits, Navy will be accounted for as per para 4222.

2222 NIGHT DEPOSITORY SAFE

1. GENERAL. An approved night depository safe may be installed when sales outlets are opened after regular working hours, including weekends, when it is not practical for the ships store officer or cash collection agent to collect cash. During these times, moneybags will be used to collect cash in the register including the change fund. Each sales outlet operator will deposit moneyboxes in the night depository safe.

2. KEYS AND COMBINATION TO SAFE. The money safe in the lower depository safe is dual controlled by a key and combination lock. Two keys are provided to the key lock:
 - a. One will be given to a person who does not have access or knowledge of the combination and who will be responsible for opening the key lock
 - b. The other will be kept in a sealed envelope in the ships store officer's safe. (The sealed envelope will be signed across the flaps by the ships store officer and the appointed key holder.) The ships store officer or cash collection agent will hold the combination of the money safe lock. The combination will be recorded on a piece of paper, put into a sealed envelope and placed in the ships store officer's safe. The ships store officer and cash collection agent will sign the sealed envelope across the flaps.
3. NIGHT DEPOSITORY SAFE LOG. The person appointed as the key holder for the money safe will maintain a locally developed log. Each time the night depository safe is opened, both the appointed key holder and the person having the combination to the safe will sign a log entry of the date and time the safe was opened.
4. BASIC PROCEDURES. The procedures in para 2221 will be followed for moneybags used with night depository safes. The procedures concerning vending machine locked moneyboxes in para 2411-3 will be sales outlet; the operator will deposit the locked moneybag or box in the night depository safe. Particular care must be taken to ensure that the locked moneybag or box is completely inserted in the depository safe. Before the start of the next business day, the authorized persons will open the night depository safe. Sales outlet operators will open their locked moneybag or box. The cash will be counted and collected by the ships store officer or cash collection agent. The cash registers or vending machine meters will then be read. When it is not practical to read all the cash registers or vending machine meters each day, the ships store officer will ensure that they are read at least twice weekly. ROM users will enter cash collections daily, or as soon as practical, and verify that all collections are entered and match with cash collection logs prior to generating the monthly cash sale invoice.
5. PROCUREMENT OF SAFES. The cost of a night depository safe will be charged to the individual ship's OPTAR. The safe will be procured in accordance with the provisions of NAVSUP Pub 485, Chapter 3.

2223 CASH LEFT IN CASH REGISTER OVERNIGHT

Cash, not to exceed \$50, may be left in a cash register overnight except when more than one shift is operated. When authorized by the type commander, cash not to exceed \$100 may be left in the register overnight, except when more than one shift is operated. When a retail store is closed for a period of more than 72 hours, all cash including the change fund will be collected on the last business day.

2224 VENDING/AMUSEMENT MACHINES

All cash should be collected daily. If an outlet does not exceed a hundred dollars the machine may be collected no less than twice a week. Collections must be entered into ROM no less than once per month at the end of the month prior to closeout. Ships may enter collections more frequently as desired. Without collection data, information on the Form 153 will be incorrect.

2225 CASH REGISTER RECORD (NAVSUP FORM 469)

1. GENERAL. A separate Cash Register Record (NAVSUP Form 469) will be used to record cash collected from each sales outlet. The NAVSUP Form 469 will be retained in the personal custody of the person making the collections. Cash collected from sales will be recorded each business day in the NAVSUP Form 469. The ship store officer will compare amounts entered on the ROM II cash collection report with amounts entered in the NAVSUP Form 469 at least once each week. The ships store officer will investigate shortages and overages in excess of \$5.00. It is not necessary to start a new Cash Register Record because of a change of cash collection agents; ships store officers or disbursing officers.
2. MANDATORY ENTRIES. For all collections, the following columns will be completed on the NAVSUP Form 469.
 - Date
 - Actual Cash in Register
 - Amount of any dishonored check
 - Cash left in Register for Change
 - Amount in Figures/Amount in Words
 - Signature of sales outlet operator/Signature of person making collection.
 - Overages/ Shortages representing the difference between cash collected and sales recorded on the cash registers with the reason if known, e.g. bad check.
3. CLOSING OUT. At the end of each month, columns in the NAVSUP Form 469 will be totaled. The total cash actually collected during the month must equal the total figure reported in the NAVSUP Form 469 and the ROM system for the month. The ships store officer will examine all differences and take action to correct irregular practices.
4. REVIEWS BY SHIPS STORES OFFICER. When the cash collection agent is making the collections, the ships store officer will review the NAVSUP Form 469 at least weekly, as outlined in para 2231.
5. BULK SALES. All bulk sale reimbursements will be recorded in the NAVSUP 469 in dollar amounts and words. The collection amount will be verified against the amounts shown in Line B12 of the NAVCOMPT 153 and the Cash Sales Memorandum Invoice.

SECTION III: DEPOSITS WITH THE DISBURSING OFFICER

2230 DEPOSITS WITH DISBURSING OFFICER GENERAL INFORMATION

Cash received from sales will be deposited daily with the disbursing officer. When it is impractical to deposit cash daily due to the absence of the disbursing officer, deputy or agent cashier, all cash on hand (except for cash left in the cash register overnight) will be kept in a safe under the personal custody of the ships stores officer or cash collection agent. The total cash deposited with the disbursing officer will be entered daily in a separate Cash Receipt Book (NAVSUP Form 470). Deposits will be made directly to the disbursing officer, deputy or agent cashier whose signature will be obtained in the NAVSUP Form 470. The NAVSUP Form 470 will be retained in the custody of the person making the deposits. When the ships store officer is the person making the collections and is also the disbursing officer, it is not necessary to keep a separate NAVSUP Form 470. During the accounting period, amounts deposited will not necessarily equal receipts from each day's sales because some cash will be retained as a change fund. However, total deposits made during the month must equal the total receipts from sales for the month. The ships store officer will verify that all cash from sales, including change funds, is collected at the end of each month. The ships store officer will verify that the total amount of cash collected and turned over to the disbursing officer equals the amount entered in ROM.

2231 ACTION BY THE SHIPS STORE OFFICER WHEN THE CASH COLLECTION AGENT COLLECTS AND DEPOSITS CASH

1. When the cash collection agent makes the collections, the following will be submitted to the ships store officer daily if possible, or at least twice weekly.
 - The Cash Register Record (NAVSUP Form 469) for each sales outlet.
 - The Cash Register Book (NAVSUP Form 470) covering deposits with the disbursing officer.
2. The ships store officer will review all entries, check amounts deposited with the disbursing officer, and initial all entries in the NAVSUP Forms 469 and 470 to indicate they have been checked. In ROM operations, the ships store officer will additionally verify that cash collections are being entered correctly. The records will also be verified any time a Memorandum Cash Sales Invoice Deposit of Cash with the Disbursing Officer (DD Form 1149) is prepared.

2232 MEMORANDUM CASH SALE INVOICE DEPOSIT OF CASH WITH THE DISBURSING OFFICER

1. WHEN PREPARED. A Memorandum Cash Sale Invoice Deposit of Cash with the Disbursing Officer (DD Form 1149) will be prepared to substantiate cash receipts from sales:
 - At the end of each month
 - Upon relief of the ships store officer

- Upon relief of the disbursing officer, or when cash is deposited with a different disbursing officer
2. PREPARATION. The ROM system will provide totals of cash collections entered. Additionally, the ROM system will print the DD Form 1149 when required.
 3. DISTRIBUTION OF DD FORM 1149. The DD Form 1149 will be submitted to the disbursing officer on or before the first working day of the month. The disbursing officer will sign the certification at the bottom of the DD Form 1149. The records keeper will then distribute the DD Form 1149 as follows:
 - The original and one copy to the C02/C03/C04 RK File
 - Copy to C02/C03/C04 AO file
 - Three copies will be returned to the disbursing officer

PART D: EQUIPMENT MAINTENANCE AND SANITATION**2300 MAINTENANCE OF EQUIPMENT**

1. GENERAL. Arrangements will be made with engineering department for the assignment of maintenance personnel to maintain ships store machinery and equipment at highest efficiency. Ships store supervisors should be familiar with the PMS requirements for ships store equipment. Only qualified maintenance personnel will be permitted to make repairs other than routine adjustments. If it becomes necessary to employ commercial repair services, the cost of the service plus any parts supplied will be charged to the following:
 - Ships Stores Profits, Navy for minor equipment (Minor equipment are those items which do not exceed \$100 unit cost. see para 4400), vending machines (see para 4417), and ADP equipment.
 - Operations and Maintenance, Navy and appropriate type commanders subhead for repairs to major equipment and fixtures. (Major equipment and fixtures are those items, which exceed \$100 unit cost and/or those items that are on the ship's Coordinated Shipboard Allowance List (COSAL) vice ships store equipment.) Equipment deficiencies and repair actions should be documented on the Consolidated Ship's Maintenance Plan (CSMP).
2. INSPECTION OF MACHINERY. Operators will carefully examine all machinery for loose nuts, bolts, parts, connections, etc., before beginning operations. An inspection each morning is especially important underway when machinery is subject to ship vibrations. A thorough inspection of all machinery will always be made after firing the guns and upon completion of any structural test to which the ship may be subjected.
3. LUBRICATION OF MACHINERY. Maintenance personnel should assume independent responsibility for proper lubrication of machinery.
4. SPEED OF MACHINERY. Under no circumstances will the speed of machinery be set in excess of that prescribed by the manufacturer.

2301 SANITATION

1. SANITARY REGULATIONS. Sanitary regulations approved by the senior member of the medical department will be issued for all sales outlets and service activities (see para 1105). Instructions for the cleanliness, neatness and orderliness of all ships store spaces will be prominently posted in the space and rigidly enforced. The Commander, Naval Medical Command has established minimum sanitary standards in NAVMED P-5010 (Manual of Preventive Medicine) for:
 - Vending machines

- Barbershops
- Laundry and dry cleaning plants

General sanitary regulations are contained in the following paragraphs:

- Vending Machines para 2415
- Barbershops para 2503
- Laundry para 2516

2. INSPECTION. The ships store officer or designated representative will inspect all sales outlets and service activities at least once each business day to ascertain that all sanitary regulations are being complied with.

PART E: SALES OUTLETS

SECTION I: RETAIL STORES

2400 RETAIL STORES GENERAL INFORMATION

1. GENERAL. Retail stores sell both necessity type items required for day-to-day living and luxury type items. Depending on space limitations, an over-the-counter or walk-in retail store will be operated.
2. CASH COLLECTION. Cash collections will be recorded for the sales outlet in which the sales were made. The Sales officer or his designated person will record the sales in the ROM Collections function.
3. CASH REGISTER RECORD. The person making the collections will keep a separate Cash Register Record (NAVSUP 469). When more than one sales outlet is operated, the cash collected from each outlet will be recorded on a separate page of the NAVSUP 469 and identified accordingly.

2402 MULTIPLE OPERATOR PROCEDURES

When more than one person is responsible for the operation of a retail store under para 1006-1a, cash will be collected at the end of each shift.

2404 NON-EPOS RETAIL STORE

1. Any retail outlet which does not use an EPOS register to sell and record sales will be set up as a Non-EPOS store. Examples of Non-EPOS stores would be vending machines, amusement machines, special occasion retail outlets such as hanger bay sales, pier side sales etc. A special Non-EPOS type store is the "special order" store. The special order store will be established for all orders for items for which money is collected on ship, but the merchandise is not physically received on the ship, e.g. flower orders.
2. Transferring inventory. Inventory will be transferred to and from the Non-EPOS store using ROM Inventory Movement function.
3. Sales/Cost of Sales. The total of money collected and recorded in ROM collection function. Cost of Sales in a Non-EPOS outlet, all breakouts of inventory are considered sold upon receipt in the sales outlet and the corresponding cost of sales figure is posted to the NAVCOMPT 153, Line B25, B21, C10 and C15. An actual cost of sales figure is determined by breaking back all inventories in the outlet to bulk. When the break-back is received in bulk, ROM re-computes the cost of sales as the difference between opening inventory plus receipts minus the break-back. The NAVCOMPT 153 lines are changed to reflect the actual cost of sales. An actual cost of sales figure is computed anytime a break back of all inventories is made from a NON-EPOS outlet to the bulk. Overages or Shortages are determined by manually comparing the computed Sales figure to the amount of cash collected.

4. Cash Collection. Cash collected by the Cash Collection agent will be recorded in the NAVSUP 469. Money will be turned over to the Disbursing Officer. The Cash Collection agent or designated person will record the amount collected in the ROM financial accounting function as follows:
 - a. Vending Machines. Enter ROM Inventory Movement function and choose Vending. Enter amount collected in Vending Collections function.
 - b. Any other Non-EPOS outlet. Money from sales will be rung up in a cash register if not sold through a vending type machine. If a register is not available, a cash register tray may be used if adequate security precautions are taken. Enter ROM Inventory Movement function and choose the storage room number of the Non-EPOS outlet.

SECTION II: VENDING MACHINES

2410 VENDING MACHINE GENERAL INFORMATION

All vending machines, including those located in authorized messes, will be operated as a sales outlet of the ships store under para 1100-1. Vending machines will be established as Non-EPOS sales outlets in the ROM Ships Constants function. Each machine will have a separate machine name and number under store number 9800.

2411 CASH COLLECTION

1. **RESPONSIBILITY.** Moneyboxes in vending machines will be secured as per para 1201-4. The collection of cash received from sales in vending machines will be the same as prescribed in para 2220 and 2225. All cash from sales in vending machines will be collected and recorded separately from sales in other sales outlets in ROM.
2. **CASH COLLECTIONS**
 - a. At Sea. When at sea, cash from vending machine sales will be collected and counted daily and prior to making any repairs to the coin mechanism or the machine.
 - b. In Port (Monday - Friday). When in port, cash from vending machine sales will be collected and counted daily and prior to making any repairs to the coin mechanism or the machine.
 - c. In Port (Weekends and Holidays). The supply officer will determine if the volume of business requires cash collections to be made.
3. **USE OF LOCKED MONEY BOXES**
 - a. General. When locked moneyboxes are installed in vending machines, the boxes will be numbered on the outside and issued to the vending machine operator by the person responsible for making collections.
 - b. Delivery of Moneybox. When conditions make it impractical for the ships store officer or cash collection agent to collect the cash, the vending machine operator will:
 - (1) Record the meter reading.
 - (2) If meter is not installed, compute the units sold using the formula in para 2414-2.
 - (3) Remove the locked moneybox for the vending machine and replace it with another locked moneybox.

4. General. The vending machine operator will deliver the locked money box with the meter reading or computation of units sold to the ships store officer or cash collection agent, disbursing officer or agent cashier. The cash will be counted in the presence of the vending machine operator and the ships store officer or cash collection agent. The person making the collections will ensure that the vending machine collection agrees with either the meter reading or the number of units sold for each individual machine. When following the procedures of this subparagraph, the ships store officer will ensure the collection agent or person designated to make collections personally reads each meter at least twice a week.

Optional Procedures

- a. General. When the person designated to make the collections is not available to receive the cash (such as on weekends or after regular working hours), one of the following may be used:
 - (1) The locked moneybox may be placed into a night depository safe.
 - (2) The locked moneybox and meter reading will be turned over to the supply department duty officer or another commissioned duty officer for safekeeping.
- b. Moneybox Log. A locally developed Vending Machine Moneybox Log will be used. At a minimum, the log will contain the following entries:
 - Date and time.
 - Number of the moneybox.
 - Car seal number installed over the moneybox opening.
 - The meter reading or, the number of units sold.
 - The signatures of the vending machine operator and supply department duty officer or other commissioned duty officer.

The duty officer receiving the locked moneybox will maintain the log. Each time an operator delivers a moneybox or receives it from the duty officer, an entry in the log will be made and signed by both persons. The following day, the cash will be counted and collected. The cash collected will be compared to the meter reading or the number of units sold. Replacement moneyboxes will be issued as per subpara a by either the cash collection agent or the duty officer.

- c. CASH REGISTER RECORD. The person making the collections from the vending machines will keep a separate Cash Register Record (NAVSUP Form 469). Meter readings, if any, will be recorded in the "Number of Customers", column. Readings from the meter will be recorded in the "Register Reading" column. Change left in the machine's coin changer will be recorded in the "Cash left in Register for Change" column. When more than one machine is operated, the cash collected from each machine will be recorded on separate pages of the NAVSUP Form 469 and will be identified accordingly.

2412 OPERATIONAL CONTROLS

1. **CAN DRINK VENDING MACHINES.** All can drink inventory will be received in bulk storeroom. For inventory and financial purposes, when inventory is transferred to the vending machine, it is considered sold and a cost of sales figure is posted to the NAVCOMPT 153. To determine actual cost of sales the inventory will have to be broken back to bulk. The difference between the number of cans transferred to the vending machine and the number of cans transferred back to bulk represents cans sold. Overages or shortages in sales are determined by comparing the actual cash collected to the meter readings. A gain or loss will show overages and shortages in inventory by inventory. Cash received from can type vending machine sales will be reported on line C03 of the NAVCOMPT Form 153.
2. **CAN DRINK VENDING MACHINE SALES AND COST OF SALES.**
 - a. **Sales.** ROM records sales as the amount collected and recorded in the vending collection function.
 - b. **Cost of Sales.** An estimated cost of sales is computed automatically by ROM based on number of cans transferred to the vending machine times average unit cost. The actual cost of sales will be computed by breaking back all inventories in store 9800 to bulk. The difference between opening inventory plus receipts minus break back will equal actual cans sold.
3. **OTHER THAN DRINK VENDING MACHINES.** These outlets are defined as Non EPOS Sales Outlets. These retail outlets are established by entering the ROM Ships Constants function. The Sales officer will assign each Non-EPOS outlet. Each machine will also have a name and number. Sales from these outlets are computed anytime a complete break back of material to the bulk storeroom is made. ROM computed sales as the difference between opening inventory plus receipts minus the break back.

2414 MEASURING THE OVERAGE/SHORTAGE OF INDIVIDUAL VENDING MACHINES

1. **METER READINGS.** Cash meters will be installed in each vending machine to monitor the efficiency of each machine. Meter readings will be taken each time cash is collected and a determination made as to whether or not the vending machine is functioning properly. The reading from the meter will be entered in the "Register Reading" column of the NAVSUP Form 469. The difference between the meter reading on the day cash is collected minus the previous day's reading will equal the cash from sales that should have been collected. If the meter reading and the cash collected do not equal, the machine has an overage or shortage.
2. **DUE TO MALFUNCTION.** The ships store officer will examine all overages and shortages of \$5.00 or more between meter readings and cash collected and take corrective action as appropriate. Overages and shortages of \$5.00 or more indicated on the NAVSUP Form the ships store officer will initial 469 as they occur.

3. SHORTAGES DUE TO THEFT, FRAUD OR OTHER DISHONEST ACT.
Shortages of vending machine monies due to theft, fraud or other dishonest act will be reported and action taken as prescribed in para 1206.

2415 SANITATION

A representative of the ship's medical department should inspect vending machines on a regular basis. Minimum sanitary requirements for vending of foods and beverages are contained in NAVMED P-5010, Supplement 1 to Chapter 1.

SECTION III: AMUSEMENT MACHINES

2420 AMUSEMENT MACHINE GENERAL INFORMATION

All amusement machines on board will be operated as part of the ships store as a Non-EPOS sales outlet. Amusement machines will be leased and not purchased because of the changing popularity of games. The Navy Exchange Service Command negotiates contracts for leasing electronic game machines. Ships desiring to lease machines should contact the Navy Exchange Service Command. The ships store officer will provide the purchase order number, the required delivery date and the complete delivery address. NEXCOM will provide ships with a completed purchase order to be used and other pertinent information. The records keeper will set up each machine in the ROM Ships Constants function. Each amusement machine will have cost per game, description of machine, contractor's percentage and initial meter reading.

2421 CASH COLLECTION

1. **RESPONSIBILITY.** Moneyboxes in amusement machines will be secured with a restraining bar as per para 1201-5. The responsibility for collections from amusement machines will be the same as prescribed in para 2220, 2224 and 2225. ROM users will enter cash collections in the ROM Financial Accounting function. Records keeper will enter "Amusement Collections" to enter machine number, date of collection, meter reading and total collected and person making collection. Collections will be made daily, or as soon as practical.
2. **CASH COLLECTION**
 - a. At Sea. When at sea, cash from amusement machines will be collected and counted daily and prior to making any repairs to the coin mechanism or the machine.
 - b. In Port (Monday - Friday). When in port, cash from amusement machines will be collected and counted daily and prior to making any repairs to the coin mechanism or the machine.
 - c. In Port (Weekends and Holidays). The supply officer will determine if the volume of business requires cash collections to be made.
3. **DEPOSITS WITH THE DISBURSING OFFICER.** The total amount of collections will be deposited with the disbursing officer as outlined in para 2232. The monthly Memorandum Cash Sale Invoice for Deposit of Cash with Disbursing Officer (DD Form 1149) will include the total amount of collections from amusement machine sales. At the end of the accounting period, the total cash collected will be reported on line C04A of the Ships Store Balance Sheet and Profit and Loss Statement (NAVCOMPT Form 153). ROM includes the cash collections from amusement machines in the DD Form 1149 and enters the amount posted for the accounting period on the NAVCOMPT Form 153.

4. **CASH REGISTER RECORD.** The person making the collections from the amusement machines will keep a separate Cash Register Record (NAVSUP Form 469). When more than one machine is operated, the cash collected from each machine will be recorded on separate pages of the NAVSUP Form 469 and each page will be identified accordingly.

2422 OPERATIONAL CONTROLS

Meters will be installed in each machine to reflect the total cash receipts of each machine. Meter readings will be taken each time cash is collected. Meter readings will be recorded in the "Number of Customers" column on the NAVSUP Form 469. A determination will be made as to whether or not the machine is functioning properly and that the cash collected balances with the meter reading. The difference between the reading on the day cash is collected, minus the previous day's reading, should equal the cash collected. If the meter reading and the cash collected do not equal, the machine has an overage or shortage. ROM users will enter meter readings for each amusement machine on the ROM system.

2423 OVERAGES AND SHORTAGES

1. **DUE TO MALFUNCTION.** The ships store officer will examine overages and shortages of \$5.00 or more between meter readings and cash collected and take corrective action as appropriate. The Ships Store Officer will initial overages and shortages of \$5.00 or more in the NAVSUP 469 Form as they occur.
2. **SHORTAGES DUE TO THEFT, FRAUD OR OTHER DISHONEST ACT.** Shortages of amusement machine monies due to theft, fraud or other dishonest act will be reported and action taken as prescribed in para 1206.

2424 REMITTANCE TO CONTRACTOR

1. **NAVCOMPT FORM 1034.** At the end of each month, a check will be requested from the disbursing officer as a charge to Ships Store Profits, Navy in an amount equal to the contractor's share of the amusement machine collections. ROM will compute the amount of the remittance to the contractor based on information entered into the ROM system. The ships store officer will prepare a Voucher for Disbursement and/or Collection (NAVCOMPT Form 1034) using the accounting data for Ships Store Profits, Navy:

Appropriation	17X8723
Subhead	2301
Object Class	026
Bureau Control No.	10001
Sub-allot.	0
Auth'n. Acct. Act.	065872
Trans. Type	2I
Prop. Acct. Act.	Enter the ship's service designator and UIC 12 digits consisting of two O's then the ship's UIC, followed by 75400

2. TRANSMITTAL LETTER. A letter of transmittal, which includes the following information, will accompany the check. ROM users may generate the transmittal letter on the ROM system.
 - Period Covered
 - For each machine
 - Name of Game
 - Current meter reading
 - Previous meter reading
 - Number of plays
 - Cash collected
 - Contractor's remittance (percentage specified in the contract)
3. END OF ACCOUNTING PERIOD. At the end of the accounting period, the total cash remitted to the contractor will be reported on line C19 of the NAVCOMPT Form 153. ROM will automatically post this amount to line C19 of NAVCOMPT Form 153.

TRANSMITTAL OF CONTRACTOR'S REMITTANCE

From: Commanding Officer, USS _____

To: Contractor's Name, Complete Address as per amusement machine contract

Subj: MONTHLY TRANSMITTAL OF MONIES FOR LEASED AMUSEMENT MACHINES

Encl: (1) Check Number #_____in the amount \$_____

1. Enclosure (1) is forwarded in accordance with the terms of the lease contract for electronic amusement machines. The following information supplies:

a. Period Covered:_____

b. Total Cash Collected per Cashbook:

Name of Game	Current Meter Reading	Previous Meter Reading	Number of Cash Plays	Collected
-----------------	-----------------------------	------------------------------	----------------------------	-----------

c. Contractor's Remittance:

_____ % of Gross Sales: \$_____

By direction

Copy to:
Commander
Navy Exchange Service Command (Code A)

PART F: SERVICE ACTIVITIES

SECTION I: BARBERSHOPS

2500 EXTENT OF BARBER SERVICE

Barbershop service should include only the basic service of a haircut. Other services should be authorized only when time, space, equipment, personnel and conditions permit and should not be provided unless they can be rendered to all personnel. Special customer services are not permitted.

2501 RECORDS AND OPERATIONS

1. RECORDS. A locally prepared barbershop appointment record should be used to schedule appointments for customers on both an individual and division basis.
2. OPERATIONS. The barbering instructions in the Ship's Serviceman 3 will be followed.

2502 SERVICE ACTIVITY SUPPLIES - BARBER SHOP

Supplies used to operate the barbershop will be requisitioned using OPTAR funds from the Supply Officer.

2503 SANITATION

1. A representative of the medical department will inspect barbershops at least monthly. Every barber must receive a physical examination from the medical officer before assuming duties as a barber annually thereafter. Rules will be prominently posted in the barbershop. The following rules apply:
 - Ship's barbers are prohibited from shaving customers and are forbidden to remove ingrown hairs, squeeze pimples or blackheads, or treat any person medically
 - The barber's uniform will consist of a clean barber's jacket and clean trousers. The barber's appearance at all times will be neat and tidy
 - The barber's hands and fingernails will be clean at all times
 - The barber is forbidden to cut the hair of anyone who has any kind of disease or sore on the scalp or the back of the neck within the hairlines. The barber will obtain the name, rate and division of any person who comes in the barbershop who is evidently afflicted with a skin or scalp disease or with sores or boils. This information will be reported to the medical officer
 - Barbershops must have hot and cold running water to allow the barber to wash their hands and maintain sanitation
 - A fresh tissue neckband must be used for every customer

- After use, clippers, scissors and combs must be sanitized. Non-metallic items will be immersed in standard barbicide solution before use on the next customer. This solution must be changed daily. Metallic items will be cleaned and sprayed with a disinfectant spray.

SECTION II: LAUNDRY

2510 EXTENT OF LAUNDRY SERVICE

1. Laundry facilities will be adequate to process 24 pounds per accommodation per week. Surface ships with more than 100 accommodations (crew plus troops) will be provided laundry facilities capable of satisfying the following requirements as a minimum within a 96-hour laundry operations week:
 - One change of work clothing, underwear, socks and one towel per day per accommodation
 - One change of berth linen per accommodation and one change of officer and CPO dining facility linen per week
 - Finish press three uniform shirts and trousers per officer and CPO/SNCO (E7 - E9) accommodation per week
 - Finish press one dress uniform shirt and trouser per accommodation per crew (plus troops) per week

2511 ASSIGNMENT OF PERSONNEL

Personnel will be assigned to the laundry from the ship's serviceman rating. The allowance of rated personnel is based on the assumption that an additional number of non-rated personnel will be required to operate the laundry efficiently. These additional persons will be classified as strikers for the ship's serviceman rating unless detailed in a manner similar to food service attendants detailed to the general mess. Normally, one person for every 75 to 100 crewmembers will be assigned.

2512 RECORDS AND OPERATIONS

1. **RECORDS.** The records maintained and the procedures used in the operation of the laundry will be consistent with space, equipment, and personnel available. All laundry will be logged in and out. Locally prepared Bulk Work and Press Deck Logs will be maintained on a daily basis. Signatures will be obtained for pick-ups of completed work. These logs will be kept on file and will be made available to inspecting personnel. The ships store officer will review the logs weekly and initial them after reviewing.
2. **LAUNDRY EQUIPMENT MAINTENANCE LOG.** A locally prepared Laundry Equipment Maintenance Log will be maintained with columns for the following:
 - Date out of commission
 - Date placed in commission
 - Amount of down time in hours
 - Reason down
 - Parts replaced
 - Remarks and comments

A separate log sheet will be kept on each piece of laundry equipment in order to obtain historical repair data.

3. OPERATIONS. Use of Navy approved laundry chemical supplies is mandatory. The approved Navy wash formulas and the instructions for the operation of the laundry in the Ship's Serviceman 3 will be followed.

2513 ACCOUNTING FOR LAUNDRY SERVICES

CHARGING THE SHIP'S OPTAR. All laundry services performed on board the ship are properly chargeable to appropriated funds.

2514 SERVICE ACTIVITY SUPPLIES - LAUNDRY

Supplies used to operate the laundry will be requisitioned using OPTAR funds from the supply officer.

2515 LAUNDRY CLAIMS

Claims for loss of or damage to personal clothing will be handled under para 8202.

2516 SANITATION AND SAFETY

Laundries will be inspected frequently by the medical department for proper sanitary methods of operation. Sufficient hot water and soap will be used to ensure cleanliness. Laundry from contagious cases will be treated in the sick bay before being sent to the laundry. The laundry procedures prescribed in the Ship's Serviceman 3&2, Module 1 will be followed to render this type of clothing free from health hazards. Safety precautions for operating machinery will be prominently posted next to each machine.

2517 HEAT STRESS PROGRAM

The requirements of the Navy's heat stress program are contained in OPNAVINST 5100.20 series (Shipboard Heat Stress Control and Personnel Protection). A hanging dry-bulb thermometer reading will be taken once every four hours when the laundry is in operation. The readings will be recorded in a locally developed Heat Stress Log. Laundry personnel will notify the ships store officer and medical officer when the temperature exceeds 100°F.

2518 PROCUREMENT OF LAUNDRY SERVICES

Laundry services may be procured from Navy exchanges and commercial sources under para 4440-4442 when the ship cannot provide this service.

SECTION III: DRY CLEANING PLANT**2520 EXTENT OF DRY CLEANING SERVICE**

Dry cleaning services are applicable only to ships with a dry cleaning plant and are based upon a 96-hour laundry operation per week. Embarked troop accommodations are not included in dry cleaning considerations. Ships with accommodations of 500 or more will have dry cleaning equipment and press capability sufficient to clean and finish press one dress uniform per accommodation per month. When facilities and personnel permit, dry cleaning services may be made available to personnel of other ships in the immediate vicinity.

2521 RECORDS AND OPERATIONS

1. **RECORDS.** All dry cleaning work will be logged in and out. A Dry Cleaning Work Log will be maintained in a standard record book. Signatures will be obtained for completed work. This procedure may not be used if standard dry cleaning tags are used.
2. **OPERATIONS.** The instructions in the Ship's Serviceman 3 will be followed for the operation of a dry cleaning plant.

2523 SERVICE ACTIVITY SUPPLIES - DRY CLEANING

Supplies used to operate the dry cleaning plant will be requisitioned using OPTAR funds from the supply officer.

2524 CLAIMS

Claims for loss of or damage to personal clothing will be handled under para 8202.

BLANK

Part G: DOLLAR BILL CHANGERS**2600 GENERAL INFORMATION**

1. The type commander must approve installation of a dollar bill changer. Upon approval, the following will apply:
 - The dollar bill changer will be installed in a high traffic and well-illuminated area
 - As a security measure, the machine will be safeguarded with a wire mesh or a lockable restraining bar across the coin box area
 - A separate change fund, not to exceed \$800, will be established for each dollar bill changer aboard in accordance with paragraphs 2210-2211.
 - The ships store officer or cash collection agent will be responsible for the machine

2601 CASH COLLECTION

1. The dollar bill changer will be emptied and refilled daily and prior to making any repairs to the coin mechanism. A separate Cash Register Record (NAVSUP Form 469) will be used for dollar bill changers to record:
 - All transactions
 - Validate accuracy of the change fund each time the machine is opened or refilled
2. The person making collections from the dollar bill changer will keep the NAVSUP Form 469. The amount of funds collected from the machine will be entered in the "Cash in Register" column. Any overages or shortages will be entered in the "Over" or "Under" column, as appropriate. The coins put into the machine after collection will be entered in the "Cash Left in Register for Change". This column will always reflect the established amount of the change fund. Overages and shortages will be corrected before coins are put into the machine.

2602 OVERAGES AND SHORTAGES

1. **OVERAGES.** If an overage occurs due to malfunction of the machine, the dollar amount will be included in deposits to the disbursing officer and taken up as "Cash from Sales" on the monthly Memorandum Cash Sale Invoice Deposit of Cash with Disbursing Officer (DD Form 1149). The ships store officer will initial overages as they occur.
2. **SHORTAGES**
 - a. **Due to Malfunction.** If a shortage exists due to malfunction of the dollar bill changer, the shortage will be corrected with cash received from sales in the retail store. When a shortage exists; cash from the retail store will be collected from the retail store operator as usual. However, before the cash is deposited with the disbursing officer, the amount that the dollar bill

changer is short will be taken out. The remaining cash will then be deposited with the disbursing officer. To indicate the dollar amount taken from the retail store, an appropriate entry will be made in the Cash Register Record (NAVSUP Form 469) for the retail store. This amount will be verified by the Sales Officer when reviewing the "Over/Short" report for the store.

- b. Theft, Fraud or any Other Dishonest Act. The change fund will be reimbursed as outlined in subpara a. Shortages due to theft, fraud or other dishonest act will be reported and action taken as prescribed in para 1206.

2603 PROCUREMENT

Dollar bill changers will be procured as a charge to the individual ship's profits. To procure a dollar bill changer, a Special DD Form 1155 will be prepared as per para 4202. The information will be submitted to the Navy Exchange Service Command. The purchase using Ships Store Profits, Navy will be accounted for as per para 4222.

CHAPTER 3 - STOCK AND INVENTORY CONTROL

PART A: CLASSIFICATION OF STOCK	3-3
3000 TYPES OF STOCK.....	3-3
3001 SALE AND USE OF STOCK.....	3-4
3002 DEFINITIONS	3-4
3003 AUTHORIZED STOCK LIMITATIONS	3-5
3004 REQUEST FOR ADDITIONAL STOCK ARTICLES	3-5
3005 AUTHORIZED STOCK.....	3-5
3006 ASSIGNMENT OF STOCK NUMBERS	3-6
SECTION I: EMBLEMATIC ITEMS	3-9
3100 STOCK CONTROL.....	3-9
3101 PROCUREMENT OF EMBLEMATIC ITEMS	3-9
3102 AUTHORIZED ARTICLES AND LINE ITEMS	3-9
3103 ISSUES OF EMBLEMATIC ITEMS	3-10
3104 SALE OF EMBLEMATIC ITEMS	3-10
SECTION II: TAX FREE TOBACCO PRODUCTS	3-11
3110 SEA STORES.....	3-11
3111 RELANDING TAX FREE TOBACCO PRODUCTS.....	3-11
3114 PROCUREMENT	3-11
3115 RECEIPT	3-11
3116 INVENTORIES OF TAX FREE TOBACCO PRODUCTS.....	3-11
SECTION III: STANDARD NAVY CLOTHING AND UNIFORM ITEMS	3-13
3120 SHOULDER SLEEVE UNIT IDENTIFICATION MARKS (UIM)	3-13
3121 ORGANIZATIONAL CLOTHING	3-13
3122 SOURCE OF SUPPLY OF UNUSUAL SIZES OF NAVY CLOTHING.....	3-13
3123 DEFECTIVE STANDARD NAVY CLOTHING ITEMS.....	3-14
3124 DEFECTIVE CERTIFIED UNIFORM ITEMS PROCURED FROM COMMERCIAL SOURCES	3-14
3130 STANDARD STOCK LAUNDRY CHEMICAL SUPPLIES	3-16
3131 FOOD PRODUCTS	3-16
3132 SUNGLASSES.....	3-16
3133 GUARANTEED SALES ITEMS	3-16
3134 LITERATURE AND RECORDINGS	3-16
3135 FILM	3-17
3136 BONUS FREE ITEMS.....	3-17
3138 HAZARDOUS MERCHANDISE	3-18
PART C: FOREIGN MERCHANDISE	3-21
SECTION I: FOREIGN MERCHANDISE	3-21
3200 FOREIGN MERCHANDISE GENERAL INFORMATION.....	3-21
3201 AUTHORIZED FOREIGN MERCHANDISE STOCK.....	3-21
3202 PROCUREMENT RESTRICTIONS FOR STOCK ITEMS	3-21

3203	OBTAINING FOREIGN MERCHANDISE.....	3-23
3204	FLEET AND FORCE COMMANDER INSTRUCTIONS.....	3-23
3205	REPORT PRIOR TO DEPARTING FOREIGN AREA	3-23
3206	SHIPMENTS OF FOREIGN MERCHANDISE	3-24
SECTION II: SIXTH FLEET FOREIGN MERCHANDISE PROGRAM.....		3-25
3210	GENERAL INFORMATION	3-25
3211	PROCUREMENT PROCEDURES.....	3-25
3212	PAYMENT PROCEDURES.....	3-26
3213	RECEIPT PROCEDURES.....	3-26
3214	SELLING PRICE.....	3-26
3215	EXCESS STOCK.....	3-26
SECTION III: PACIFIC FLEET FOREIGN MERCHANDISE PROGRAM.....		3-29
3220	GENERAL INFORMATION	3-29
3221	PROCUREMENT PROCEDURES.....	3-29
3222	PAYMENT PROCEDURES.....	3-30
3223	RECEIPT PROCEDURES.....	3-30
3224	SELLING PRICE	3-30
PART D: INVENTORY CONTROL.....		3-31
SECTION I: MONETARY INVENTORY ALLOWANCES AND AUTHORIZED INCREASES		3-31
3300	MAXIMUM VALUE OF STOCK FOR SHIPS STORE.....	3-31
3305	STOCK TURN.....	3-31
SECTION II: STOCK RECORDS.....		3-33
3320	STOCK CARD GENERAL INFORMATION	3-33
3321	STOCK CARD MANAGEMENT INFORMATION.....	3-33
3323	OUTSTANDING REQUISITION/PURCHASE ORDER DECISIONS	3-34
3330	GENERAL INFORMATION	3-34
3331	SMART REORDERS.....	3-35
3332	REPLENISHMENT ACTION OVERSEAS	3-35
3333	EXCESS INVENTORIES.....	3-36
3334	DELETED.....	3-36
3335	DISPOSITION OF UNSALEABLE STOCK.....	3-36

CHAPTER 3 - STOCK AND INVENTORY CONTROL

PART A: CLASSIFICATION OF STOCK

3000 TYPES OF STOCK

1. MANDATORY STOCK ITEMS. These are basic items of stock that must be stocked in all ships stores at all times. NEXCOM Pub-81 provides a mandatory stocking plan, which shall be followed by all ships stores. Mandatory stock items are either brand name line items listed in the current Consolidated Requisitioning Guide Overseas (CARGO) NAVSUP P-4998, Chapter II or types of common everyday items that all ships should have in stock, such as combs.
2. BASIC STOCK ITEMS. Basic stock items consist of those items in continuing customer demand. The basis of every ships store stock assortment should be the items listed in CARGO P-4998. These items are readily available to all ships in CONUS from the Automated Ships Store Contract Bulletin (ACB). They are also available from afloat supply ships, the supply centers in WESTPAC and will satisfy the basic needs of the ship's crew. These items are selected based on popularity in the civilian market place and represent a cross section of merchandise considered essential to operate a ships store.
3. DEPLOYED LOAD ITEMS. Deployed load items are those items not available from combat logistics force units outside the United States. Generally, they are of low weight, cube and monetary value. Deployed load items must be stocked to last for the duration of the deployment. They can be procured from vendors listed in the Automated Ships Store Contract Bulletin (ACB) and in the Automated Ships Store Afloat Catalog (ASL).
4. CONTRACT ITEMS. Automated Ships Store Contract Bulletin (ACB) consists of two categories of merchandise:
 - a. Basic, necessity type items, which are required in day-to-day living.
 - b. Semi-luxury and clothing items represented by major vendors, which have been converted, from SSAC listings or Special 1155. Descriptions, prices and ordering information is provided in the contracts to assist in making selections of merchandise.
5. CATALOG ITEMS.
 - a. Automated Ships Store Afloat Catalog (ASL) items are semi-luxury type items that are mostly of high value, uniform items and basic necessity type items that are not listed in the Contract Bulletin. Descriptions, prices and ordering information are provided in the catalog to assist in making selections of merchandise.

- b. Items listed in the Automated Ships Store Afloat Catalog (ASL), which are indicated "Special Order Only" may be special ordered for individual customers. Special order items will be procured in accordance with para. 4300-4302.
- c. Any item not included in the SSAC may be ordered by the Special Order process (see para. 4202).

6. FOREIGN MERCHANDISE

- a. Sixth Fleet Foreign Merchandise Program. (For Ships Deployed to the Mediterranean/Persian Gulf Only). Items of foreign merchandise available under the Sixth Fleet Foreign Merchandise Program may be ordered for stock from the Navy Exchange, Rota, Spain when a ship is deployed to the Mediterranean. (see para 3210-3215.)
- b. Pacific Fleet Foreign Merchandise Program (For Ships Deployed to WESTPAC Only). Items of foreign merchandise available under the Pacific Fleet Foreign Merchandise Program may be ordered for stock from the Navy Exchange, Yokosuka, Japan when a ship is deployed to the Western Pacific. (see para 3220-3225.)

3001 SALE AND USE OF STOCK

- 1. Ships store stock is comprised of line items intended for sale or use in the following:
 - Retail stores
 - Vending machines
 - Consumable materials used in sales outlets and service activities

3002 DEFINITIONS

- 1. CATEGORY. Collection of like items.
- 2. LINE ITEM. A line item consists of EACH different size, brand, and model number. Line items may be further identified by color, size or flavor. For example, the following are each two separate line items:
 - Size: ball caps small and ball caps medium
 - Brand: Winston 100's and Salem 100's
 - Color: billfolds green and billfolds blue
 - Model number: Panasonic clock radio, model RC-6050 and Panasonic clock radio, model RC-55
- 3. UNIVERSAL PRICE CODE (UPC). A unique number assigned to a specific item of merchandise. The UPC is identified by a series of thin and wide vertical stripes, called barcodes, which are electronically "read" by a computer scanner and are translated into numbers.

3003 AUTHORIZED STOCK LIMITATIONS

1. LINE ITEMS. The maximum numbers of line items indicated next to the retail departments' line item in NEXCOM Pub-81 are provided as a guideline in establishing stocking policies.
2. PERISHABLE ITEMS. A large percentage of ships store stock is highly perishable and may have a shorter shelf life than normal, especially in hot and humid climates (such as candy, certain types of cookies, tobacco, and chewing gum). The shelf life of items varies considerably with the climates of different operating areas. Therefore, the ships store officer must determine the condition of items currently stocked. When possible, perishable items should be procured in smaller quantities at more frequent interval than nonperishable items.

3004 REQUEST FOR ADDITIONAL STOCK ARTICLES

Requests to add or change the stock listings in NEXCOM Pub-81 will be sent to the Navy Exchange Service Command with a copy to the type commander. The request will provide complete justification.

3005 AUTHORIZED STOCK

1. By public law title 10 7604.352 ships stores will offer the following broad category of items for sale:
 - Health, beauty and barber items
 - Prerecorded music and videos
 - Photographic batteries and related supplies
 - Appliances and accessories
 - Uniform items, emblematic and athletic clothing
 - Luggage and leather goods
 - Stationery, magazines, books and supplies
 - Sundry, games, and souvenirs
 - Laundry, tailor and cleaning supplies
 - Beverage and related food and snacks
 - Tobacco products

See NEXCOM Pub-81 for the list of authorized stock items.

2. **CONTRACT ITEMS/CATALOG ITEMS.**

All items listed in the Ship Store Contract Bulletin/Ship Store Afloat Catalog may be carried as stock, whether listed in NEXCOM Pub-81 or not.

3. **ARTICLES BEARING IMPRESSION OF UNITED STATES CURRENCY.**

Articles that bear the impression of United States currency are not authorized and will not be procured for sale or use in ships stores. If similar to United States currency, such line items may not be lawfully imported and are subject to seizure in the United States.

3006 ASSIGNMENT OF STOCK NUMBERS

1. Stock numbers are 10 digits, containing both a 6 digit Class Number and a 4 digit Sequence Number. ROM users will assign a Department Code to each item of ships store stock. The following Class Numbers and Department Codes have been assigned:

Dept Code	Class Number	Description
A1	050000 060000 070000	Confections Cookies & Crackers Snack Products
A2	100000	Smoking Products
A3	100000	Tax Free Tobacco Products
A8	250000	Prerecorded Music/Videos
B1	370000 380000	Photographic supplies Cameras/Accessories Binoculars
B3	220000 270000 580000	Sports Equipment Athletic Supplies Athletic Footwear
B6	230000 240000 150000 210000	Electronics /Musical Instruments Electrical Appliances Office equipment Clocks and Barometers
B8	260000 760000 780000	Mugs and Ashtrays Flowers, gifts by mail Debit phone cards
C1	290000 300000	Wallets Luggage/Leather Goods
T1	760000	Phone Cards

Dept Code	Class Number	Description
C2	010000 020000	Stationary Supplies Books, printed matter
C6	330000 350000	Hobby items/tools Games
D1	110000	Toiletries
D2	400000	Jewelry/Sunglasses
D3	120000	Sundries
D5	130000	Fragrances
E1	530000	Uniform items/insignias
E2	440000 450000 550000 560000 160000	Hosiery Female underwear Clothing Swimwear Bath wear
K4	870000	Snack Vending
M3	870000	Canned Drink Vending
L1	Use NSN	Standard Navy Clothing Items

- a. Local Class Numbers. Any item not listed in the SSAC, Contract Bulletin, Special Bulletin or Foreign Merchandise Bulletin will be assigned the Class of 960000 and placed into the appropriate department.
 - b. Other Department Codes. Department codes may be assigned to increase management attention over items not listed in the ASL/ACB. An example of this would be Department F8 for Foreign Merchandise. Department codes not listed may be added in the Utilities Function.
2. ASSIGNMENT. Stock numbers for ships store stock procured from commercial vendors are contained in the ROM database. Stock numbers for foreign merchandise procured from Navy exchanges are contained in the Foreign Merchandise Bulletins provided to each ship upon "in-chop" to the area. For any item not included in the ASL/ACB, a stock record card must be created, a vendor established and linked to the item stock number. Any item carried in stock for which a stock number has not been assigned, the ship will assign a local Sequence Number in the 960000-9999 series will be assigned within the appropriate Department. For example:

- ABC Candy #123 will be locally assigned 960000 9000 and placed in department A1.
- ABC Candy #456 will be locally assigned 960000 9001 and placed in department A1.
- XYZ Cookies #789 will be locally assigned 960000 9003 and placed in department C1.

BLANK

SECTION I: EMBLEMATIC ITEMS

3100 STOCK CONTROL

1. General Information. Careful control and management attention must be given to the procurement and sale of emblematic items. The total dollar amount of emblematic items should not exceed 15% of the total ships store inventory at cost value. Dollar values over 10% should be considered to be a warning that closer management adherent is required. Emblematic items do not have any sales potential outside the individual ships store. Excesses must be identified on a continuing basis and deep markdowns taken to expedite sales. Also, upon notification that a ships store will be disestablished, emblematic items will be marked down heavily or surveyed in order to be disposed of prior to the disestablishment.
2. Classification. Ship's ball caps may be classed as either command ball caps or emblematic items. If the ball cap is a command ball cap, it is considered part of the uniform and should be marked up 6% over cost and carried in department E-1. If the ball cap is emblematic it is marked up 15% and carried in department G-1. Command ball caps should not be considered as part of the 15% limitation. The dollar amount of those command ball caps will effect stock turn in either a positive or negative manner depending on rate of sale.
3. Non-Command Emblematic Items. Upon transfer of a senior command onboard a ship, the senior command may have emblematic items, which are transferred to the ship. As these are not command items, the dollar value of these items do not count in the 15% limitation on emblematic items, as the receiving ship has no choice in the amount or dollar value of the transfer. Ships store officers should establish a separate non-command sales department to place these items. The items do count toward stock turn. They should be marketed aggressively to encourage sales until the ship receives stock turn credit upon transfer from the ship.

3101 PROCUREMENT OF EMBLEMATIC ITEMS

1. The senior supply officer must approve in writing all purchase orders for emblematic items.
2. Before approving a purchase order, the senior supply officer will determine if the quantity of emblematic items ordered would cause the emblematic inventory to be in excess of the 15% level have an adverse effect on stock turn.

3102 AUTHORIZED ARTICLES AND LINE ITEMS

1. REGULAR STOCK. Articles authorized for stock are listed under "Emblematic Items" in NEXCOM PUB-81. These items will be procured only from sources listed in the Automated Ships Store Afloat Catalog (ASL) and Automated Ships Store Contract Bulletin (ACB). Emblematic items must be coded in the stock record card with an "E" to reflect these items on the emblematic listing report.

2. ADDITIONAL STOCK ARTICLES. Requests to stock emblematic items not listed in NEXCOM Pub-81 (such as ship's plaques) or to stock line items above the maximum line items allowed will be forwarded, along with complete justification, to the Navy Exchange Service Command with a copy to the type commander. A Special DD Form 1155 will be prepared as outlined in para. 4202. The Special Order request will include all pertinent data, including quantity on hand (if any), design, color scheme, type of material, size, suggested source and estimated unit cost. The ship's stock turn record and current inventory position will be considered before an additional item is approved for stock.
3. CONTROL OF EMBLEMATIC ITEM INVENTORY.
 - a. The dollar value of emblematic inventory will be reported to the commanding officer in the monthly ships store management report, as follows.
 - b. Number of line items and dollar value of inventory of emblematic items will be entered on the reverse side of the NAVCOMPT 153 at the end of the accounting period. The number of line items with stock on hand and the dollar value of ending inventory information may be obtained from the emblematic listing report.

This information will be reported to the type commanders for appropriate action. Information can be obtained from the Emblematic Listing Report and 153 Report.

3103 ISSUES OF EMBLEMATIC ITEMS

Issues to ship's use of emblematic items will be made under para 7311.

3104 SALE OF EMBLEMATIC ITEMS

Upon approval from the commanding officer, emblematic items may be sold to the general public during authorized ship tours and VIP visits.

SECTION II: TAX FREE TOBACCO PRODUCTS**3110 SEA STORES**

The purchase of sea store tobacco products is authorized only for oversea home-ported ships or by re-supply ships supporting overseas home ported ships. Tax-free tobacco products (whether of domestic or foreign manufacture) may be procured by overseas home-ported ships as sea stores. Tax-free tobacco products will not be sold, transferred ashore or re-landed within the three-mile limits of the United States.

3111 RELANDING TAX FREE TOBACCO PRODUCTS

The re-landing of tax-free tobacco products within the United States without payment of customs entry and duty is illegal.

3114 PROCUREMENT

1. **PROCUREMENT IN THE UNITED STATES.** Not permitted.
2. **PROCUREMENT OUTSIDE THE UNITED STATES.** Ships operating beyond the jurisdiction of the internal revenue laws of the United States may procure tax-free tobacco products in quantities required by the ship for its own use. The tobacco products will be delivered to the ship and sold from the ships store while the ship is outside the United States. Status of Forces agreements with foreign nations may impose limits on the quantity sold or taken ashore. Ships should check with local sources to determine restrictions if any.

3115 RECEIPT

Overseas home-ported ships will receive tax-free tobacco products like any other product.

3116 INVENTORIES OF TAX FREE TOBACCO PRODUCTS

Inventory as required maintaining correct inventories.

BLANK

SECTION III: STANDARD NAVY CLOTHING AND UNIFORM ITEMS

3120 SHOULDER SLEEVE UNIT IDENTIFICATION MARKS (UIM)

1. GENERAL. The shoulder sleeve unit identification mark (UIM) is authorized for wear on the right sleeve of service dress jumpers, winter blue shirts and short sleeve white shirts.

The UIM is not worn on the women's service dress blue coat because of incompatibility with the shoulder arcs. Each ship should procure sufficient quantities of UIMs to provide for the free issue of seven UIMs to each man and six UIMs to each woman reporting on board for duty and to maintain stocks for replacement.

2. PROCUREMENT. Ships stores will handle UIMs as an item of standard Navy clothing. Purchase orders for UIMs will be prepared following para 4022 and NEXCOMINST 10120.10 series (Insignia, Shoulder Sleeve Unit Identification Marks (UIM)). Purchase orders will be submitted directly to the contractor. The purchase order will contain the letter "U.S.S." followed by the name of the ship. The hull number is not used on the UIM. Care will be taken to ensure the information submitted to the contractor is accurate. When incorrect UIMs are manufactured due to inaccurate information submitted by the ship, the ship must make payment for the cost of the incorrect UIMs.
3. ISSUES. OPTAR funds will be used to procure UIMs from the ships store. Issues of UIMs to personnel will be processed and accounted for, as an issue to ship's use under para 7311.

3121 ORGANIZATIONAL CLOTHING

1. EMBLEMATIC T-SHIRTS. T-shirts with the ship's identification or ship's patch may be issued to food service personnel as organizational clothing. Emblematic T-shirts will be issued from the retail store and processed, as an issue to ship's use under para 7311.
2. OCCUPATION AND ENVIRONMENTAL CLOTHING. Special occupational and environmental clothing and textile items (including sheets and pillow cases) will not be stocked in ships stores without written authority from the Naval Supply Systems Command. Stocking of these items to encourage voluntary restitution by crewmembers for similar items lost or damaged is not considered adequate justification for granting such authority.

3122 SOURCE OF SUPPLY OF UNUSUAL SIZES OF NAVY CLOTHING

Unusual sizes of standard Navy clothing are those sizes not listed in the Afloat Shopping Guide (NAVSUP Pub 4400). Any ship requiring this type of clothing should contact the Navy Exchange Ships Store Program for assistance.

3123 DEFECTIVE STANDARD NAVY CLOTHING ITEMS

The ships store officer will ensure a spot check of all standard Navy clothing items is conducted. Examination for quality deficiencies should be performed either upon receipt of the items or when they are placed in the store for sale. Refunds to customers returning defective items will be made as per para 2206. Any deficiencies should be reported to the Navy Exchange Ships Store Program who will provide guidance for the reporting and disposition of the clothing.

3124 DEFECTIVE CERTIFIED UNIFORM ITEMS PROCURED FROM COMMERCIAL SOURCES

1. EXAMINING CERTIFIED UNIFORM ITEMS. The ships store officer will ensure that a spot check of all certified uniform items procured from commercial sources is conducted. The examination is for quality deficiencies and should be performed either upon receipt of the items or when they are placed in the store for sale. Refunds to customers returning defective items will be made as per para 2206.
2. GUIDELINES FOR EXAMINATION. The guidelines set forth in para 3123-2 should be followed in examining certified uniform items procured from commercial sources.
3. PROCEDURES FOR REPORTING. Ships stores will report defective certified items on a locally prepared Certified Uniform Item Deficiency Report to the Navy Clothing Textile Research Facility, Antic, MA. (see example on page 3-22). The report will include all valid customer complaints in addition to those observations of ships store personnel. One copy of the report will be forwarded to the Navy Exchange Service Command. One copy will be filed in the Military Correspondence File WK 3.
4. DISPOSITION OF UNSATISFACTORY CERTIFIED MERCHANDISE. Certified uniform items may be returned to a vendor for credit memorandum or cash refund only after authorized by the Navy Exchange Service Command.

CERTIFIED ITEM DEFICIENCY REPORT

FROM: SHIPS STORE OFFICER

USS _____
FPO _____

TO: OFFICER IN CHARGE
NAVY CLOTHING AND TEXTILE RESEARCH FACILITY
ATTN: CERTIFICATION BRANCH (CODE 33)
21 STRATHMORE ROAD
NATICK, MA 01760-2490

ITEM _____

MANUFACTURER _____

CUSTOMER
COMPLAINT _____

SHIPS STORE
COMMENTS _____

DESCRIPTION OF DEFECT (S) NOTED:

SUBMITTED
BY: _____ DATE _____
(SHIPS STORE OFFICER)

COPY TO:
NEXCOM (CODE A)
3280 Virginia Beach Blvd
Virginia Beach, VA 23452-5724

3130 STANDARD STOCK LAUNDRY CHEMICAL SUPPLIES

Use of standard stock laundry chemical supplies is mandatory in ships stores. Requisitions for these products will be submitted to the nearest Navy Supply Support Activity following para 4012. OPTAR funding will be used to procure products.

3131 FOOD PRODUCTS

Food products sold in the ships store will be limited to those items available through the Automated Ships Store Contract Bulletin and Automated SSAC Listing (ACB/ ASL). The sale of food items such as short orders and prepared sandwiches is prohibited.

3132 SUNGLASSES

The purchase and sale of sunglasses is restricted to tested and approved models having a metal or slow burning plastic frame and glass or plastic lenses free from undesirable optical properties. Sunglasses will not interfere with, or materially change, the vision and will be certified in writing by the manufacturer as meeting these criteria. Sources listed in the Automated Ships Store Afloat Catalog (ASL) meet these requirements.

3133 GUARANTEED SALES ITEMS

1. GENERAL. Guaranteed sales items are items which may be returned to the vendor for exchange or credit memorandum. Procurement of items on a guaranteed sales basis or under other conditions permitting return for credit will be restricted to:
 - a. Magazines, periodicals, and other printed matter
 - b. Phonograph records, prerecorded tapes and cassettes, film, video, cassette tapes and photo mailers. When procuring these items from vendors listed in the Automated Ships Store Contract Bulletin (ACB) or Automated Ships Store Afloat Catalog (ASL) on a guaranteed sales basis, the purchase order will contain the following clause:

“RETURN FOR EXCHANGE OR CREDIT. Any unsold items may be returned prepaid to the vendor in exchange for other items or for credit memorandum in accordance with the terms and conditions listed in the Ships Store Contract Bulletin or Automated Ships Store Afloat Catalog (ASL) in effect on the date of this order.”
2. ACCOUNTING PROCEDURES. Accounting procedures for returning items for exchange or credit memorandum are outlined in Chapter 7, Part G.

3134 LITERATURE AND RECORDINGS

1. POLICY ON OFFENSIVE LITERATURE AND OFFENSIVE RECORDINGS. The sale of magazines, comics, pocket size books, other periodicals, phonograph records and other recordings considered offensive is prohibited. These items and their covers will be screened by the commanding officer or

designated representative. Those considered offensive will not be placed on sale, but will be returned to the vendor for full credit.

2. SUGGESTED GUIDELINES FOR SCREENING. The guidelines set forth in items a-f are suggested for screening literature and recordings. Printed, pictorial and recorded materials that are not acceptable for sale or circulation within the military establishment are those that:
 - a. Are printed or circulated in violation of moral and ethical standards, or civil and military law.
 - b. Impede the lawful execution of the mission of the military establishment, or encourage failure or irresponsibility in this regard.
 - c. Inspire or encourage lust, particularly in the young, by exploiting indecent or undue exposure, exaggerating sexual characteristics of male or female figures, or by showing suggestive or obvious passionate actions or poses, either pictorially or verbally.
 - d. Feature illicit acts, whether heterosexual or homosexual, in such a way as to create sympathy of such acts or encourage their practice.
 - e. Encourage or tend to promote violence, crime, horror, sadism, masochism, or similar attitudes or acts.
 - f. Promote the use of illicit drugs and drug paraphernalia.

3135 FILM

1. FILM WITHOUT PROCESSING CHARGES INCLUDED. Film without processing charges included and photo mailers will be stocked and accounted for as two separate line items. Sources for film are listed in the Automated Ships Store Afloat Catalog (ASL).
2. FILM WITH PROCESSING CHARGES INCLUDED. Film with processing charges included will be procured only from the Ships Store Contract Bulletin and will be stocked and accounted for as one line item.

3136 BONUS FREE ITEMS

1. GENERAL. Some vendors may offer bonus free items in various forms when ships store items are ordered. For example, 11 tubes of toothpaste ordered, one free tube offered or 1,000 toothbrushes ordered, one free camera or wristwatch offered. In some instances, vendors may donate items to the ships store.
2. ORDERING. Create the purchase order filling out all required fields. Bonus Free items will be listed as separate line items. If the bonus free item is the same as an ordered item, the user must modify the cost price to zero for the bonus free items. The ship will ensure that the vendor's invoice shows all bonus free items at zero cost.

3. ACCOUNTING. Bonus free items will be received using the same procedures as any normal receipt with cost. User will receive ordered items at the stated cost and the bonus free items at zero cost.
 - a. For Identical Items. When the ordered and bonus free item are identical, the total quantity received, including the bonus free item, will be posted to the applicable (Stock Card). The unit cost price will be averaged on the stock record card. The total cost of the ordered items, plus any transportation charges, minus any discounts, will be posted to the Journal of Receipts.
 - b. For Other than Identical Items. To order any item there must be a stock card. If a bonus free item is not currently in stock or listed on the ASL/ACB the user must create the stock record card and link it to a vendor from which the other items are being ordered. When received the ordered and bonus free items will be posted to their respective stock record cards. If the bonus free item is a new item the cost price shown on the stock record card will be zero.

Although the cost price for the bonus free item is zero, users should base the retail price on the normal unit cost price of the item. The ships store officer will establish a selling price for the bonus free item, following the same markup procedures and policies, which are used in establishing selling prices for other retail items. The total money value at cost of only the ordered items, plus any transportation charges minus any discounts, will be posted to the Journal of Receipts. If the bonus free item is not an authorized item to be sold through the ships store, the Sales Officer should not accept the item or list on purchase order.
4. EXPENDITURES AND INVENTORIES. After receipt, a bonus free item will be carried on the records at the weighted average cost and ROM will compute the new selling price. These prices will be used for sale, transfer, issue or survey of the item unit cost. Users should note that the weighted average cost for an item might be zero.

3138 HAZARDOUS MERCHANDISE

1. The existence of hazardous merchandise will immediately be reported to the Navy Exchange Service Command (Code A). A ships store officer who has knowledge, or has received notification from an official source (Food and Drug Administration (FDA), Department of Agriculture, vendor, manufacturer, Navy Exchange, or other reliable source), will report the information by the most expeditious means available, including telephone. The following information is required on food item(s)/resale merchandise suspected of being hazardous:
 - Ship's name and hull number
 - Noun name
 - Source of information and/or basis of determination that product is considered contaminated or hazardous
 - Item description

- Contractor/manufacturer (include plant address if known)
- Contract/SSAC/special bulletin - number and date
- Lot number (from case or unit), can codes, if available or shipment number
- Vendor's name
- Date of shipment and date of receipt
- Quantity on hand
- Description of suspected hazardous/contaminated condition

BLANK

PART C: FOREIGN MERCHANDISE

SECTION I: FOREIGN MERCHANDISE

3200 FOREIGN MERCHANDISE GENERAL INFORMATION

1. Procurement of authorized line items of foreign merchandise is limited to merchandise that is locally available in the area of the ship's operation. Requirements for items of foreign merchandise will be reviewed carefully to ensure that United States manufactured merchandise is procured to meet the crew's needs, when possible. Foreign merchandise will be sold only to the following:
 - Authorized customers (see para 2000)
 - Ships not operating a ships store, if the ships are operating in the same area. (These sales will be handled in the same manner as in para 2205. All personnel will be informed that purchasing foreign merchandise from the ships store for resale or on behalf of persons not entitled to purchase is prohibited)

3201 AUTHORIZED FOREIGN MERCHANDISE STOCK

1. The stock line items, cost limitation and maximum number of line items authorized in NEXCOM Pub-81 do not apply to foreign merchandise. In order to ensure quality and value, foreign merchandise stock will be procured as follows:
 - For ships deployed to the Mediterranean / Persian Gulf, stock will be procured from the Sixth Fleet Foreign Merchandise Program
 - For ships deployed to the Western Pacific, stock will be procured from the Pacific Fleet Foreign Merchandise Program
 - For areas not covered in the above items, procurement of foreign merchandise stock should be coordinated with the local american military representative if possible, and in accordance with the Fleet and Force Commanders' Instructions

3202 PROCUREMENT RESTRICTIONS FOR STOCK ITEMS

Procurement of foreign merchandise for stock is restricted to amounts not to exceed careful estimates of potential sales during the period the ship will be operating in the foreign area. When a ship is operating in a foreign area for more than 90 days, the inventory of foreign merchandise on hand will not exceed 90 days' estimated sales at any time. For example, a ship operating in a foreign area for five months may initially procure stock not to exceed 90 days' estimated sales. After the 90-day period, procurement may be made not to exceed estimated sales for the remaining 60 days. Stock will not be procured if it will arrive on board 30 days or less prior to the ship's

departure from the foreign area. For example, a ship operating in a foreign area for 60 days will not procure foreign merchandise to be delivered after thirty days.

3203 OBTAINING FOREIGN MERCHANDISE

1. GENERAL. Sailors and Marines deployed have a number of ways to obtain Foreign Merchandise. Customers may place orders for foreign merchandise in the following ways:
 - Utilizing the Exchange Mail Order Catalog
 - Making a direct purchase at a military exchange serving the area
 - Buying from concessionaires authorized by the Navy Regional Contracting Center and the Navy Exchange
 - Purchasing authorized fleet foreign merchandise program stock from the ships store. Forward deployed ships will comply with the applicable fleet and force commanders' instructions regarding special orders of foreign merchandise. Special orders for foreign merchandise will not be processed by the ships store, with the exception of forward deployed ships (ships home ported overseas excluding Hawaii)
2. EXCHANGE MAIL ORDER CATALOG. The Army and Air Force Exchange Service (AAFES) publish the Exchange Mail Order Catalog. Personnel serving in the Fleet are eligible to participate in this program and order any item in the catalog: For every sale the ship will receive a rebate from AAFES. The amount of the rebate will be based on the mail order sales generated by ship's crewmembers in relation to the total catalog sales. The Navy Exchange Service Command in the form of a non-reimbursable grant will distribute rebates annually. The grant will be reported on line C06 of the Ship Store Balance Sheet and Profit and Lose Statement (NAVCOMPT Form 153). Rebates for ships who earn less than \$25 per period will be accumulated until rebates total \$25. A grant will then be issued in the next distribution. Users will enter the rebate in the Financial Accounting function, under Contributions to ships store.

3204 FLEET AND FORCE COMMANDER INSTRUCTIONS

Fleet and force commanders will issue instructions as necessary on ordering and receiving foreign merchandise in areas under their jurisdiction. Under no circumstances will foreign merchandise be received within the United States customs jurisdiction (the 50 states, the District of Columbia and Puerto Rico). Prior to purchasing ships store foreign merchandise for sale outside the United States customs jurisdiction, the directives promulgated by appropriate fleet and force commander will be consulted.

3205 REPORT PRIOR TO DEPARTING FOREIGN AREA

1. Forty days prior to departing an area where foreign merchandise has been obtained, the commanding officer will send a report of all foreign merchandise for which difficulty in selling is anticipated to COMNAVLOGPAC or COMSERVFORSIXTHFLT, as appropriate, with a copy to the type commander. Damaged or deteriorated material will not be reported since this material will be disposed of by survey. The report will include the following information:

- Complete noun name of each item, including brand and model number
- Cost price of each item and total value of all items
- Date the material was received
- Condition of the material

3206 SHIPMENTS OF FOREIGN MERCHANDISE

Fleet, force and type commanders will issue instructions regarding shipments of foreign merchandise by activities in areas under their jurisdiction. Under no circumstances will foreign merchandise be forwarded to the ship in the United States or Puerto Rico. In no event will orders specify shipment via the postal system, as foreign merchandise may be forwarded inadvertently to the United States and compromise existing internal revenue and customs regulations.

SECTION II: SIXTH FLEET FOREIGN MERCHANDISE PROGRAM

3210 GENERAL INFORMATION

1. SOURCES OF SUPPLY. A Fleet Support Program has been established at the Navy Exchange, Rota, Spain to support ships deployed to the Mediterranean with a range of fast selling merchandise items authorized for stock in ships stores. In addition the Navy Exchanges Naples, Italy has negotiated various concession agreements with vendors in major ports in the MED.

SELECTION OF ITEMS. There are three programs available in the Mediterranean.

- a. Basic Foreign Merchandise. Fleet Assistance Team Naples will provide a listing of basic Foreign Merchandise to all in chopping ships, which is available for order. These items will be items, which are carried in stock at all times and have been popular in the past.
- b. NEX stocked merchandise. In addition the Fleet Assistance Team can provide ships with a listing of popular items stocked at the NEX which are available to ships in such categories as electronics, calculators perfumes etc.
- c. Direct to Ship Program. The Navy Exchange in cooperation with the Ships Store Program support ships with popular foreign merchandise purchased from Sixth Fleet Concessionaire vendors, which ships may buy and sell in their ship stores.

3211 PROCUREMENT PROCEDURES

1. CONCESSIONS. Merchandise or services obtained from approved concessionaires are between the individual customer and the concessionaire. Each concessionaire will provide to the Ships Store a percentage of the total sales generated each day. Commissions should be handled as a contribution to Ships Store Profits, Navy and reported on line C04B of the Ships Store Balance Sheet and Profit and Loss Statement (NAVCOMPT Form 153).
2. FOREIGN MERCHANDISE ORDER
 - a. Initial Order. The initial order for procurement of foreign merchandise items will be sent the Fleet Assistance Team Naples as a special order.
 - b. Follow-on Orders. Follow-on orders should be submitted to the Fleet Assistance Team Naples in sufficient time to allow for delivery and sale to be made prior to leaving the area. Forwarding via fleet freight will be in accordance with transportation priorities.

3212 PAYMENT PROCEDURES

1. CONCESSIONS. All sales are between the concessionaire and the individual customer. Ships store purchase orders will not be accepted by the concessionaire.
2. FOREIGN MERCHANDISE FROM NEX ROTA. Fleet Assistance Team Naples will advise the ship of the purchased items and the cost per item.

3213 RECEIPT PROCEDURES

1. Concessions. It is the individual customer's responsibility to inspect any merchandise or services obtained from a concessionaire. The customer should advise the concessionaire of any discrepancy. If this is not possible, the customer should notify the ships store officer, who will address the problem to the Fleet Service Office of NEX Naples.
2. Merchandise from NEX Rota. All merchandise will be inspected upon receipt. Any discrepancies between what is received and what is billed, or damaged merchandise, will be reported to the NEX Rota prior to leaving port. If it is not possible to report discrepancies prior to leaving port, a report should be made as soon as possible. Receipts will be posted as Receipts From Purchase through all records as all other ships store stock. Any loss will be surveyed to the Navy Working Capital Fund.

3214 SELLING PRICE

MERCHANDISE FROM NEX ROTA. Application of a 15% markup is recommended to determine individual selling prices.

3215 EXCESS STOCK

1. DISPOSITION. Unsold/undamaged foreign merchandise may be returned for cash refund upon out chop at Rota. If not out chopping through Rota the Merchandise should be mailed (return receipt requested) to NEX Rota. If the merchandise cannot be mailed it should be returned to NEX Rota via the ship's Supply Department. Following rules apply:
 - a. Merchandise must be in its original packaged containers and is undamaged.
 - b. Navy Exchange Rota should be notified at least 96 hours prior to turn-in.
 - c. A Requisition and Invoice/Shipping Document (DD Form 1149) will be prepared in the cash refund/ bulk sale function listing the items being turned in.
 - d. A copy of the original purchase order should be attached to the DD Form 1149 to identify cost prices paid.

2. ACCOUNTING INSTRUCTIONS. Cash refunds for foreign merchandise returned to the Navy Exchange Rota will be handled as a bulk sale under paragraph 2205. If it is not possible to complete the transaction prior to leaving port, action should be completed as soon as possible. The Navy Exchange charges a 10% restocking fee for all items returned. This bulk sale transaction should not be confirmed in the ROM system until a check is received from the Navy Exchange and prices adjusted as appropriate. In the interim, the value of the returned items will be carried on inventory until the refund check is received. Upon receipt of the check from the Navy Exchange, the DD Form 1149 will be posted as a bulk sale. If the reimbursement cost is different from the purchase cost, the difference will be posted to line B22 of the 153. The check, along with the original of the DD Form 1149, will be turned over to the disbursing officer for credit to the Navy Working Capital Fund. A copy of the DD Form 1149 will also be forwarded with the monthly transmittal of receipts to substantiate the credit entry.
3. RETURN OF FOREIGN PRODUCTS TO THE UNITED STATES. Foreign merchandise will not be returned to the United States and Puerto Rico except in the event of unexpected emergency deployment and only then with the specific permission of COMSERVFORSIXTHFLT. A copy of the request to COMSERVFORSIXTHFLT will be forwarded to the NEXCOM Fleet Assistance Team, Naples and the Navy Exchange Service Command. The commanding officer will be responsible for complying with all customs regulations in the event authority is obtained for return of any merchandise.

BLANK

SECTION III: PACIFIC FLEET FOREIGN MERCHANDISE PROGRAM

3220 GENERAL INFORMATION

1. SOURCES OF SUPPLY. A foreign merchandise warehouse has been established at the Navy Exchange Yokosuka, Japan to support ships deployed to the Western Pacific with a range of fast selling foreign merchandise items authorized for stock in ships stores.
2. SELECTION OF ITEMS. A listing of foreign merchandise (available at the Navy Exchange Yokosuka), will be promulgated annually by the Navy Exchange Service Command in the Ships Store Foreign Merchandise Bulletin. Items available are considered to be the most popular, fastest selling, off-the-shelf items within the category. As sales history dictates, the range of merchandise carried will be modified to provide the best support possible.

3221 PROCUREMENT PROCEDURES

1. INITIAL LOAD. The initial order for procurement of load list items will be placed through the Navy Exchange Officer, Yokosuka, Japan. For initial procurement, a DD Form 1155 will be prepared following para. 4022 and using the Foreign Merchandise Bulletin. One DD Form 1155, with DD Form 1155-CI continuation sheets as necessary, will be prepared to cover the entire purchase. The original DD Form 1155 and one copy will be sent via airmail at least 60 days prior to deployment to:

Officer in Charge
U.S. Navy Exchange
PSC 473 Box 70
FPO AP 96349-003
Attn CPO

2. Alternate Method. If time does not permit submission of DD Form 1155 by mail, a message request may be submitted to the Navy Exchange, Yokosuka, Japan. The Message address is: NEX YOKOSUKA JA

Message orders must include the ship's purchase order number and complete accounting data. ROM users will generate and print the DD Form 1155 in addition to sending the message order. The Navy Exchange will prepare the DD Form 1155 citing the ship's message as authority to ship merchandise. The Navy Exchange will forward a copy of the purchase order and a copy of the Navy Exchange invoice with the merchandise. Additional copies of the DD Form 1155 will be forwarded separately to the ship, indicating quantities shipped.

3. FOLLOW ON ORDERS. Follow-on orders should be submitted to the Navy Exchange Yokosuka in sufficient time to allow for delivery and sale to be made prior to leaving the area.
4. SHIPPING INFORMATION. Forwarding shipments via AFS or fleet freight will be in accordance with either transportation priorities, if possible. If commercial

transportation is utilized for orders placed with NEX Yokosuka, the following shipping charges will be added to the invoice:

- a. Surface transshipment via FISC Yokosuka - 3% of total cost
- b. Air Parcel Post shipment - actual postal charges
- c. Air freight via FISC Yokosuka - actual charges based on cube weight, distance. It should be noted that airfreight shipment for audio equipment might be as high as 30% depending on weight, size and distance; air parcel post shipments could cost 10% or more depending on weight and value of the items ordered.

3222 PAYMENT PROCEDURES

Purchase of load list items from NEX Yokosuka will be made under Fast Pay Procedures and the purchase order will be annotated accordingly. COMFLEACT Yokosuka is the paying office for stock received from Yokosuka. The Officer in Charge will submit a copy of each bill to the ship.

3223 RECEIPT PROCEDURES

1. INSPECTION UPON RECEIPT. All merchandise will be inspected upon receipt. Any discrepancies between what is received and what is billed, or receipt of damaged merchandise, will be reported to the Officer in Charge prior to leaving the port. If it is not possible to report discrepancies prior to leaving port, a report should be made as soon as possible.
2. ACCOUNTING FOR RECEIPTS. Receipts will be handled as a receipt from purchase and processed through all records the same as other ships store stock.

3224 SELLING PRICE

1. GENERAL. A 15% markup is recommended in determining individual selling prices for Pacific Fleet Foreign merchandise items after addition of transportation charges.
2. PRICES FOR ITEMS FROM NEX YOKOSUKA. Unit cost prices for NEX Yokosuka merchandise require a surface transshipment via FISC Yokosuka. Therefore, the actual cost to the ships store could be 3% higher than the unit price shown in the listing. These charges should be added as part of the cost of the goods when establishing the retail prices.

PART D: INVENTORY CONTROL

SECTION I: MONETARY INVENTORY ALLOWANCES AND AUTHORIZED INCREASES

3300 MAXIMUM VALUE OF STOCK FOR SHIPS STORE

1. The maximum value of ships store stock carried at cost price during any one month is directly related to the ships ability to sell that material in a timely manner. The objective of any retail store is to provide service to customers by selling the highest quality merchandise with minimal inventory becoming unsalable due to age or becoming obsolete, which would cause markdowns or surveys.
2. Stock turn is the management tool used to monitor the "movement, of stock from storeroom to customer. A stock turn rate of 4.0 per 12-month period (ideally 1.33 per accounting period) is established for the ships store operation. A low stock turn indicates the store has excess inventory as compared to sales.
3. Maximum Authorized inventory levels.
 - a. Ships in CONUS. \$102 per person.
 - b. Ships Deployed. \$204 per person.
 - c. Ships not meeting stock turn goals, shall take action immediately to reduce inventory. Inventory should equal 75% of the total anticipated cost of sales for the forthcoming accounting period using cost of sales captions listed in paragraph 3305.

3305 STOCK TURN

1. GENERAL. Stock turn is the movement of stock through the ships store. Stock is moved by expending it from the ships store through sales, transfers, markdowns below cost, markdowns to zero and other markdowns, issues and surveys. A minimum stock turn of 4.0 per 12-month period is required. This minimum is established based on the following:
 - a. The accounting period is four months long.
 - b. The maximum inventory allowed is a three-month supply of ships store and standard Navy clothing stock. Ideally, the inventory should be expended one and one-third times during each accounting period. A stock turn of 1.33 per accounting period will result in four (4.0) stock turns per year.
2. COMPUTATION. General. Stock turn is computed by dividing the cost of sales and, the total dollar value of the stock expended by the inventory at the beginning of the accounting period. For each ship, which reports an authorized increase of inventory due to deployment, the end of accounting period, stock turn will be adjusted to eliminate the negative effects this increase of inventory would have on stock turn.

Stock turn formula. At the end of the accounting period, stock turn for ships store stock will be computed using the following formula:

Total of Form 153 lines B10 + B12 + B15 + B19 + B21 + B22 + B23 + B25 + B26 + B27 divided by line B08 equals stock turn

3. ADJUSTMENTS TO INVENTORY LEVELS. The monetary value established for ships store and standard Navy clothing stock does not change the requirement to achieve stock turn. During low sales periods, proper stock control is required to reduce stock levels and inventory investment. Inventory levels will be adjusted in anticipation of:
 - a. In port periods
 - b. Extended yard periods
 - c. Leave period or detachment of large groups of personnel
 - d. Anticipated deactivation
 - e. Drastic changes in operating schedule

SECTION II: STOCK RECORDS

3320 STOCK CARD GENERAL INFORMATION

1. A stock record card for each line item will be maintained in the ships store office computer. All movements of stock in or out of the bulk storeroom will be recorded on the stock card
2. When operating the ROM system, the stock record card is the key data element in documenting ships store transactions.

3321 STOCK CARD MANAGEMENT INFORMATION

1. The Stock Record Card. The stock record card provides the following management information for each EPOS location:
 - a. Stock Number (SKU). Search capability. Entering the department, category or SKU number, you can find any line item in the stock database. Entries can be typed in or found by using the pull down arrows.
 - b. Article Definition. This block shows the stock number for the item as well as the description.
 - c. Vendor Name. User can scroll to find all vendors who provide this line item.
 - d. Article Pricing. ROM shows the current retail price, the department markup percent, the last retail price, current item cost, average cost and last cost.
 - e. Store Number. This block shows all locations of the item with quantity on hand at each EPOS location.
 - f. Categorizing. Shows the department and category.
2. Additional Description. Current ROM version shows min and max quantities, case pack of the item and reorder unit of issue.
3. Action Bars. On each stock record card ROM offers the following 8 different functions:
 - a. Assign UPCs. User can assign new or additional UPCs to a line item with a stock number. For example PERT shampoo has a stock number with an assigned UPC. New and improved PERT has a different UPC number but retains the same SKU. The new UPC can be assigned to the existing SKU.
 - b. Print Bar Codes. Prints bar codes for this line item

- c. New Article. Used to create a new stock record card for any item not in database. All elements in above sub-paragraph will be entered manually.
 - d. Stock Activity. User can choose a EPOS outlet and see stock activity into and out of the outlet.
 - e. Save New Article. Saves information after information is entered.
 - f. Save Changes. Save changes made in the Edit Article function.
 - g. Delete Article. Deletes line item if all locations have a zero balance.
 - h. Edit Article. Use this function to change the retail price and min/max levels. The change to the retail price would be done when
 - (1) The Sales Officer changes the markup from the recommended 15% markup,
 - (2) To reflect the NEXCOM price for cigarettes,
 - (3) The Sales Officer directs that a item be marked down in price and
 - (4) To ensure the retail price of government issue clothing matches the cost price.
2. COST OF OPERATIONS ITEMS. The issue of cost of operations items will be recorded automatically on the Stock Card when the user does a cost of ops transaction.

3323 OUTSTANDING REQUISITION/PURCHASE ORDER DECISIONS

- 1. Prior to placing an order for new material, ROM users should review:
 - a. The Stock Reorder Report to determine what the computer recommends for reorder
 - b. The Top seller report to determine sales
 - c. The stock card if there are any questions
 - d. Ships schedule to set new order and shipping times if required.

3330 GENERAL INFORMATION

- 1. ROM through its recording of sales has the ability to recommend items for any retail outlet or the bulk based on the sales of that item either for in-port, at sea, local operations or deployed time periods. A monthly supply demand review will be made of all stock and Stock Records in order to:
 - a. Maintain in-stock position for all items with a recurring demand and to give the computer a "reality check".

- b. Keep inventories within prescribed limitations.
2. For most items, the maximum in-stock position is three months' stock. Deployed load items will be stocked to last for the duration of the period of deployment. Disposition of stock will be taken as prescribed in para. 3333 when the monthly review indicates that items exceed three months' requirements. The normal selling rate of the item and the ship's anticipated operating schedule will be considered in determining excess stocks. Because of these semi-perishable natures of most items of stock, disposition action will be initiated in time to provide for sale prior to deterioration. ROM users will use the Management Reports to conduct the monthly supply demand review.

3331 SMART REORDERS

1. GENERAL. ROM will compute high and low limits for all items based on past sales history. The Sales officer establishes the desired minimum and maximum days of sales for any items and the required lead-time. ROM uses this information plus sales history to establish a line item's low limit and high limit. ROM can only predict what will happen in the future based on the past. Low limits and high limits should be adjusted as necessary for the following reasons:
 - Increase or decrease in the number of customers
 - Anticipated operational schedule of the ship
 - Similar items added or removed from stock
 - Any other factor affecting the sales
 - Potential of the items to be ordered
2. ESTABLISHING HIGH AND LOW LIMITS. With 'Smart Reorder the system allows the user to evaluate the min and max levels for individual stores and bulk by selecting the store, selecting the department, categories, or SKU of the item, select a date range, select deployment scenario, indicate minimum days of sales required, indicate maximum days of sales required, and indicate number of days for procurement lead time. For each items selected the system computes:
 - The average daily sales quantity based on the date range and deployment status
 - Min level based on (min days times average daily quantity)
 - Max level based on (max days times average daily quantity)
 - Lead time (lead times average daily sales quantity)

3332 REPLENISHMENT ACTION OVERSEAS

1. Stock Card Stock for ships permanently home-ported overseas, the ordering and shipping time is a major factor in controlling inventory. The high limit and low limit will be increased by the quantity of stock required to support the ordering and shipping time (O+ST). For example, if the ordering and shipping time for an item is three months, the high limit would be increased by three months' stock.

3333 EXCESS INVENTORIES

1. Excess ships store inventories are a major concern to fleet, type commanders and NEXCOM. Ships with excess inventories will be reported to the type commander triennially.
2. Excess inventories hurt a retail operation. Because they:
 - a. "Tie up "inventory dollars that could be spent on more sellable items.
 - b. Become old, shop worn, obsolete or out of fashion requiring the use of ships store profits to mark them down in price.
 - c. Hurt the store's ability to make the 4.0 yearly stock-turn.
3. The ships store officer is responsible for disposing of excess stock. An excess stock list will be developed using the "top selling report" and the listing will be provided to the type commander and the NEXCOM Fleet Assistance Team servicing the area. Excess inventory should be made available to military resale activities ashore and an attempt should be made to return the excesses to vendors at mutually agreed upon prices. Markdowns will be taken as necessary to dispose of excess stocks.
4. STANDARD NAVY CLOTHING STOCK TURNED IN TO SHORE ACTIVITY. Procedures for the turn in to Shore activities are held at the Ships Store Program Office. Ships should contact this office for guidance.

3334 DELETED

3335 DISPOSITION OF UNSALEABLE STOCK

1. Items of stock, which are obsolete or shopworn, will be disposed of by taking deep markdowns to make rapid sales. Items which are damaged or deteriorated and are not saleable will be marked down to zero.

CHAPTER 4 – PROCUREMENT

PART A: PROCUREMENT PROCEDURES.....	4-3
SECTION I: GENERAL INFORMATION.....	4-3
4000 METHOD OF PROCUREMENT	4-3
4001 REQUISITION AND PURCHASE ORDER LOGS	4-4
4010 REQUISITION GENERAL INFORMATION.....	4-4
4011 NATIONAL STOCK NUMBERS	4-4
4012 PREPARATION OF DD FORM 1348	4-5
4013 DISTRIBUTION OF DD FORM 1348	4-5
4014 PREPARATION OF DD FORM 1149	4-5
4015 DISTRIBUTION OF DD FORM 1149	4-5
SECTION II: PURCHASE ORDERS.....	4-7
4020 GENERAL INFORMATION	4-7
4022 PREPARATION OF DD FORM 1155	4-7
4023 DISTRIBUTION OF DD FORM 1155	4-7
PART B: REQUISITIONING METHODS AND PROCEDURES.....	4-9
4100 REQUISITIONS FROM EXCESS STOCK LISTS.....	4-9
4101 REQUISITIONS TO SHORE SUPPLY SUPPORT ACTIVITIES	4-9
4102 REQUISITIONS TO MOBILE LOGISTICS SUPPORT FORCE SHIPS	4-9
4103 REQUISITIONS TO OTHER SHIPS STORE OFFICERS.....	4-9
4105 REQUISITIONS FOR GENERAL STORES MATERIAL	4-9
4106 REQUISITIONS TO THE MARINE CORPS AND OTHER GOVERNMENT DEPARTMENTS	4-10
PART C: PURCHASING METHODS AND PROCEDURES.....	4-11
SECTION I: NORMAL PURCHASE ORDER PROCEDURES.....	4-11
4200 AUTOMATED SHIPS STORE CONTRACT BULLETIN (ACB)	4-11
4201 AUTOMATED SHIPS STORE AFLOAT CATALOG (ASL).....	4-11
4202 SIMPLIFIED PURCHASE PROCEDURE (SPECIAL DD FORM 1155)	4-13
4203 PURCHASES FROM NAVY EXCHANGES	4-13
4204 REPAIRS TO SHIPS STORE STOCK.....	4-14
4205 MODIFICATION TO PURCHASE ORDERS.....	4-14
4210 GENERAL INFORMATION	4-14
4211 CONTRACTING REGULATIONS AND ASSISTANCE	4-14
4212 MANDATORY CONTROLS.....	4-15
4213 CONTRACTING RESTRICTIONS	4-15
4214 COMPETITION.....	4-16
4215 SMALL BUSINESS.....	4-16
4216 CONTRACT REVIEWS.....	4-16
4217 CASH PURCHASES.....	4-17
SECTION III: PURCHASES USING SHIPS STORE PROFITS, NAVY	4-19

4220	GENERAL INFORMATION	4-19
4221	PROCUREMENT USING SHIPS STORE PROFITS, NAVY.....	4-19
4222	ACCOUNTING INSTRUCTIONS	4-20
PART D: SPECIAL ORDER PROCEDURES		4-23
4300	GENERAL INFORMATION	4-23
4301	STANDARD SPECIAL ORDER PROCEDURE	4-23
4302	OPTIONAL SPECIAL ORDER PROCEDURE.....	4-24
PART E: PROCUREMENT OF ITEMS FOR SHIP'S USE		4-25
SECTION I: PROCUREMENT OF EQUIPMENT AND OPERATING SUPPLIES		4-25
4400	MINOR EQUIPMENT AND OPERATING SUPPLIES	4-25
4401	MAJOR EQUIPMENT	4-25
4402	MODERNIZATION AND IMPROVEMENT	4-26
SECTION II: PROCUREMENT OF VENDING MACHINES AND RELATED ITEMS		4-29
4410	BUYING VENDING MACHINES GENERAL INFORMATION	4-29
4411	AUTHORIZED MACHINES	4-29
4412	PROCUREMENT PROCEDURES.....	4-30
4413	ACCOUNTING INSTRUCTIONS	4-31
4414	REPLACEMENT OF MACHINES.....	4-31
4416	REPAIR PARTS.....	4-32
4417	REPAIR SERVICES	4-32
4418	ADP EQUIPMENT USED IN SUPPORT OF RETAIL OPERATIONS	4-32
SECTION IV: PROCUREMENT OF LEASED VENDING MACHINES		4-33
4430	PERMANENT INSTALLATION OF LEASED VENDING MACHINES.....	4-33
4431	TEMPORARY ACQUISITION OF VENDING SERVICES	4-34
SECTION V: PROCUREMENT OF LAUNDRY AND DRY CLEANING SERVICES.....		4-37
4440	AUTHORIZATION FOR PROCUREMENT OF SERVICES	4-37
4441	PROCUREMENT AND ACCOUNTING INSTRUCTIONS FOR SERVICES PROCURED BY THE SHIPS STORE FOR PERSONAL UNIFORMS AND CLOTHING ITEMS	4-37
4442	SERVICES OBTAINED INDEPENDENTLY BY CREW MEMBERS.....	4-37

CHAPTER 4 PROCUREMENT

PART A: PROCUREMENT PROCEDURES

SECTION I: GENERAL INFORMATION

4000 METHOD OF PROCUREMENT

1. SHIPS STORE STOCK. Ships store stock will be procured using the following methods:
 - a. Requisitions from excess stock lists
 - b. Requisitions to other supply officers, including the following:
 - Requisitions to shore supply support activities
 - Requisitions to combat logistic support force ships
 - Requisitions to other ships store officers
 - Requisitions to the general mess
 - Requisitions to general stores
 - c. Requisitions to the Marine Corps and other government departments.
 - d. Purchase orders under the Automated Ships Store Afloat Catalog (ASL).
 - e. Purchase orders under the Automated Ships Store Contract Bulletin (ACB).
 - f. Purchase orders under the Foreign Merchandise Bulletins.
 - g. Purchases using the simplified purchase procedure (Special DD Form 1155).
 - h. Purchases from Navy exchanges.
 - i. Emergency purchases from commercial sources.
2. STANDARD NAVY CLOTHING STOCK. Standard Navy clothing stock will be procured from other Supply Officers using the following methods:
 - Requisitions to supply support activities ashore
 - Requisitions to combat logistic support force ships
 - Requisitions to other ships store officers
3. STANDARD STOCK LAUNDRY CHEMICALS. These chemicals will be procured using OPTAR.

4001 REQUISITION AND PURCHASE ORDER LOGS

1. SERIAL NUMBERS. The ROM system automatically assigns the serial numbers in the 9700-9899 series to purchase orders and 9900-9999 series to requisitions. At the beginning of each fiscal year the assignment of serial numbers will automatically begin with 9700 and 9900.
2. REQUISITION LOG. If a ship chooses to manually duplicate information for ready reference the following captions are recommended:
 - Calendar date
 - Requisition number (including Julian date and serial number)
 - Source of supply
 - Amount
 - Receipt number
 - Date material received
3. PURCHASE ORDER LOG. If a ship chooses to manually duplicate information for ready reference the following captions are recommended:
 - Calendar date
 - Purchase order number (including Julian date and serial number)
 - Source of supply
 - Amount
 - Receipt number
 - Date material received
 - Date dealer's bill forwarded for payment; enter FPPA if Fast Pay Procedures Apply
 - Paying activity
 - Whether for stock or special order

4010 REQUISITION GENERAL INFORMATION

Requisitions for ships store stock, and standard Navy clothing stock will be prepared on a DOD Single Line Item Requisition System Document (Manual) (DD Form 1348). When use of the DD Form 1348 is considered inappropriate, the Requisition and Invoice/ Shipping Document (DD Form 1149) may be used. The ROM system will automatically print a DD Form 1149 for requisitions.

4011 NATIONAL STOCK NUMBERS

1. ITEMS WITH NSNs. The following items have national stock numbers (NSNs):
 - Standard stock laundry chemicals
 - Standard Navy clothing
 - Q-cog ships store stock. (Q-cog ships store stock are items carried by combat logistics support force ships and naval supply depot for support of ships stores overseas)

2. SOURCE OF NSNs. National stock numbers are contained in the following:

- Consolidated Afloat Requisitioning Guide Overseas (CARGO)(NAVSUP Pub 4998)
- Afloat Shopping Guide (NAVSUP Pub 4400)

4012 PREPARATION OF DD FORM 1348

The DOD Form 1348 Single Line Item Requisition System Document (Manual) will be prepared by the requesting ship as per NAVSUP Pub 485, para 3024.

4013 DISTRIBUTION OF DD FORM 1348

1. After initial preparation, the DD Form 1348 will be distributed as follows:

- Original to issuing activity
- Green copy to Bulk Custodian File (WK 2)
- Hardback copy to Receipt Inspector's File (WK 1)

4014 PREPARATION OF DD FORM 1149

ROM users will use the DD Form 1149 as a requisition document whenever possible to take advantage of ROM's automatic printing function of the DD Form 1149.

4015 DISTRIBUTION OF DD FORM 1149

1. After initial preparation, the DD Form 1149 will be distributed as follows:

- Original and three copies to the issuing activity
- One copy to the Receipt Inspectors File (WK 1)
- One copy to Bulk Custodian file (WK 2)

BLANK

SECTION II: PURCHASE ORDERS

4020 GENERAL INFORMATION

GENERAL. An individual stock number will be assigned to each item of ships store stock procured. Assignments of stock numbers will be in accordance with Chapter 3, para 3006.

4022 PREPARATION OF DD FORM 1155

1. Purchase orders and delivery orders under contract may be placed for authorized items of ships store stock on an Order for Supplies or Services/Request for Quotations (DD Form 1155).
2. ROM creates a stock record card for each item or service to be purchased when an order is made on a Order for Supplies or Services/Request for Quotations (DD Form 1155). The ROM Users Guide provides detailed information on the process of creating a purchase order. The following process will be followed regarding signature:

The senior supply officer or ships store officer will sign orders placed under:

- The Automated Ships Store Contract Bulletin (ACB)
- The Automated Ships Store Afloat Catalog (ASL)
- The Foreign Merchandise Bulletins

The senior supply officer will sign the following:

- All purchase orders for emblematic items (para 3101)
- All purchase orders for material, equipment and services ordered from commercial sources not listed in the Ships Store Contract Bulletin or Automated Ships Store Afloat Catalog (ASL)(para 4202)
- Purchases using Ships Store Profits, Navy (para 4221)

4023 DISTRIBUTION OF DD FORM 1155

1. UNITED STATES MERCHANDISE
 - a. Fast Pay Procedures Applicable. All ships store stock ordered from the Automated Ships Store Contract Bulletin (ACB) and Navy exchanges will be procured under Fast Pay Procedures. For items ordered from the Automated Ships Store Afloat Catalog (ASL), the SSAC listing will indicate whether or not Fast Pay Procedures apply. When ordering under Fast Pay Procedures, the DD Form 1155 will be distributed as follows after initial preparation:
 - Signed original and two copies sent to vendor
 - One copy to the Receipt Inspector's File (WK 1)
 - One copy to the Bulk Custodian File (WK 2)

b. Fast Pay Procedures Not Applicable. When ordering from the Automated Ships Store Afloat Catalog (ASL) and Fast Pay Procedures do not apply, the DD Form 1155 will be distributed as follows after initial preparation:

- Original and one copy retained in the Receipt Inspector's File (WK 1)
- One signed copy to the vendor
- One copy to the Bulk Custodian File (WK 2)

2. FOREIGN MERCHANDISE

a. Procured from Resale Activities. All foreign merchandise ordered from a resale activity will be procured under Fast Pay Procedures. The DD Form 1155 will be distributed as follows:

- Signed original and two copies sent to the officer in charge
- One copy to the Receipt Inspector's File (WK 1)
- One copy to the Bulk Custodian File (WK 2)

b. Procured from Foreign Vendors. When ordering foreign merchandise direct from foreign vendors, the DD Form 1155 will be distributed as follows:

- Original and one copy to in the Receipt Inspector File (WK 1)
- One signed copy to the vendor
- One copy to the Bulk Custodian File (WK 2)

PART B: REQUISITIONING METHODS AND PROCEDURES**4100 REQUISITIONS FROM EXCESS STOCK LISTS**

1. GENERAL. Ships store stock should be requisitioned from another ships store's excess stock list, if practical, prior to procurement by any other method. ROM users will process requisitions from excess stock lists as an "OSO" requisition.
2. EXCESS REPORTED BY OTHER COMMANDS OR OFFICES OF THE NAVY DEPARTMENT. No items declared in excess by other commands or offices of the Navy Department will be transferred to the Navy Working Capital Fund for sale in the ships store unless specifically authorized by the Naval Supply Systems Command.

4101 REQUISITIONS TO SHORE SUPPLY SUPPORT ACTIVITIES

1. CONUS AND HAWAII. Requisitions for authorized items of ships store stock may be submitted to shore supply support activities. In CONUS and Hawaii, normally only standard stock laundry supplies and other cost of operations material are available from these activities. ROM users will process requisitions to shore supply activities as "OSO" requisitions.
2. FLEET AND INDUSTRIAL SUPPLY CENTERS (FISC). Ships may submit requisitions for items listed in the Consolidated Afloat Requisitioning Guide Overseas (CARGO) (NAVSUP Pub 4998) to FISC's when deployed. ROM users will process requisitions to FISC's as "OSO" requisitions.

4102 REQUISITIONS TO MOBILE LOGISTICS SUPPORT FORCE SHIPS

Ships may submit requisitions for items listed in the Consolidated Afloat Requisitioning Guide Overseas (CARGO) (NAVSUP Pub 4998) to mobile logistics support force ships when deployed.

4103 REQUISITIONS TO OTHER SHIPS STORE OFFICERS

Requisitions for authorized items of ships store stock may be submitted, on a mutually agreed basis, to other ships store officers.

4105 REQUISITIONS FOR GENERAL STORES MATERIAL

1. Minor equipment and operating supplies required to operate sales outlets and service activities are properly chargeable to ships store profits. These items will be procured for the ships store under para 4400. On ships operating under Special Accounting Class 207 procedures, requisitions for general stores material will be processed and accounted for as transfers between other supply officers. On all other ships, a Requisition and Invoice/Shipping Document (DD Form 1149) will be prepared following para 4014, except the ship's OPTAR accounting data, as provided by the supply officer, will be entered in block 4.

The following will be entered manually on the DD Form 1149:

<u>Functional Account</u>	
Credit	13000
Charge	51000

After receiving the requisition, the supply officer will approve the transfer. A receipt number will not be assigned to receipts of general stores material. The DD Form 1149 will not be posted to the Journal of Receipts (NAVSUP Form 977). The quantity received will be posted to the stock record card. The dollar value will be posted as credit expenditure to the Issues to Use entry on the NAVCOMPT Form 153. A copy of the DD Form 1149 will be placed in the Expenditures File (WK 4) and a copy will be placed in the B10A and B10B. (see Appendix C, for distribution.) At the end of the accounting period, a copy will be forwarded to DFAS, and the B10B copy will be placed in the retain returns.

4106 REQUISITIONS TO THE MARINE CORPS AND OTHER GOVERNMENT DEPARTMENTS

1. Ships store may order stock from the Marine Corps and other government departments (including the Army, Air Force and Defense Commissary Agency) using DD Form 1155 citing the Defense Business Operating Fund. The value of the stock will be taken up as a receipt from purchase. Receipt documents will be checked before signing to ensure they contain the following information:

- Date of receipt
- Unit prices
- Extensions
- Totals
- Authority for transfer

If the issuing activity submits an invoice or other document for signature, the following statement will be placed on the invoice:

"This material has been taken up in the Navy Stock Account, functional account 51000."

If the issuing activity submits a Public Voucher for Purchases and Services Other Than Personal (SF-1034), the ships store officer will enter the accounting data for the Navy Working Capital Fund.

PART C: PURCHASING METHODS AND PROCEDURES

SECTION I: NORMAL PURCHASE ORDER PROCEDURES

4200 AUTOMATED SHIPS STORE CONTRACT BULLETIN (ACB)

1. GENERAL. The Navy Exchange Service Command issues the Automated Ships Store Contract Bulletin (ACB) for use within the continental United States (CONUS) and Hawaii. These contract bulletins list local sources of supply and the fixed price for authorized items of ships store stock. When in CONUS and Hawaii, the ship may place delivery orders in any amount directly with the vendor by using an Order for Supplies or Services/Request for Quotations (DD Form 1155). When placing oral orders for ships store stock, the DD Form 1155 will be prepared and signed before giving the purchase order number to the vendor. Fast Pay or Certificate of Conformance Procedures applies to orders placed under the Automated Ships Store Contract Bulletin (ACB). Authorized items of ships store stock not listed in the ACB may be obtained under the simplified purchase procedure (Special DD Form 1155). In this case, the local supply support activity will contract for the items.
2. UNSATISFACTORY PERFORMANCE. When a contractor does not fulfill all requirements set forth under the terms of the Contract/SSAC, a locally prepared report will be made to the Navy Exchange Service Command. See example on page 4-12. The report will include all valid complaints and what action was taken by the ships store officer to resolve the matter. One copy of the report will be sent to the Contractor/SSAC vendor and one copy will be filed in the Correspondence File (WK 3).

4201 AUTOMATED SHIPS STORE AFLOAT CATALOG (ASL)

1. GENERAL. The Navy Exchange Service Command promulgates the Automated Ships Store Afloat Catalog (ASL). It contains descriptions and purchase information for authorized items of ships store stock. The catalog is used to purchase stock for the ships store. The Order for Supplies or Services/Request for Quotations (DD Form 1155) will be used as a purchase order for procuring items listed in the catalog and will not exceed \$25,000 per purchase order. Purchase orders will be issued directly to the vendors listed in the catalog. When placing an oral order for ships store stock, the DD Form 1155 will be prepared and signed before giving the purchase order number to the vendor. For purchase orders in excess of \$2,500, the following Federal Acquisition Regulation clause will be typed in block 19 on the DD Form 1155:

"FAR 52.222-36 Affirmative Action for Handicapped Workers (April 1984)."

When ships are deployed overseas, the postal system will be used for delivery of merchandise ordered from the catalog subject to parcel post size and weight limitations.

2. PRICE AGREEMENTS. Prices, terms and conditions of price agreements, listed in the Automated Ships Store Afloat Catalog (ASL), will not be given to vendors; their representatives or other unauthorized persons.

UNSATISFACTORY CONTRACT/SSAC VENDOR PERFORMANCE REPORT

FROM: SHIPS STORE OFFICER

USS _____

FPO _____

TO: NEXCOM (CODE A)
3280 Virginia Beach Blvd
Virginia Beach, VA 23552-5724

CONTRACTOR: _____ CONTRACT NO: _____

SSAC VENDOR: _____ SSAC LISTING: _____

P.O. NO: _____ DATE OF ORDER: _____

ORDER PLACED IN ZONE: _____

DESCRIPTION OF COMPLAINT: (Provide all pertinent information, i.e. name, stock number, quantity of items ordered but not delivered; required delivery date and actual date merchandise was delivered.)

ACTION TAKEN: (If items were procured from an alternate source provide supplier's name, address, phone number, and unit price paid.)

SUBMITTED BY: _____ DATE: _____

Ships Store Officer

Copy to:
CONTRACTOR
SSAC VENDOR

NOTE: THIS REPORT MAY BE SUBMITTED BY:

- (1) MAIL TO ADDRESS SHOWN
- (2) NAVAL MESSAGE ADDRESS: NEXCOM NORFOLK VA//A//
- (3) PHONE: AUTOVON 646-2080
- (4) COMMERCIAL 757-443-2080/79/81/85
- (5) FAX: 757-443-2082
- (6) SALTS: NEXCOM SHIPS STORES HQ (Q27)

4202 SIMPLIFIED PURCHASE PROCEDURE (SPECIAL DD FORM 1155)**1. GENERAL**

- a. Ships Store Stock and Special Order Merchandise. The simplified procedure (Special DD Form 1155) will be used to procure ships store stock and special order merchandise when the sources of supply authorized in para 4200-4201 is not available. A Special DD Form 1155 is not required to the Fleet Assistance Team. The 1155 will be used for receipt purposes after the Fleet Assistance Team has obtained the items for the ship. The ship will contact the Fleet Assistance Team and tell them what they want to obtain. The ships store purchase order number must not be given to the suggested source of supply until a copy of the confirmed purchase order is received. Upon receipt of the information, ROM users will process a special DD Form 1155 by selecting "Other Orders" in the Inventory Movement (Sub-bar "Orders"). For special order items, stock numbers will be assigned as specified in para 4020.
- b. Ships Store Profits, Navy Purchases. No DD Form 1155 will be used to make purchases using Ships Store Profits, Navy. ROM users will provide a ships reference number (ship UIC and sequential tracking number) to NEXCOM who will purchase the item and advise the ship. Upon receipt of items, the shipping invoice/manifest will be held in Receipt Inspector File (WK 1) pending receipt of the Abstract Data Report from OPLOC. Upon receipt of the Abstract Data Report the user will enter the cost of the items in the ROM Financial Accounting function (Sub-bar equipment purchases/ service charges). Copies of the invoice and the abstract data report will be file in C13/C18

2. SPECIAL DD FORM 1155 PREPARATION AND DISTRIBUTION

- a. For preparation see ROM Users Guide
- b. Distribution. After receipt of information from NEXCOM, file copy of Form 1155 as follows:
 - One copy to the Receipt Inspector's File (WK 1)
 - One copy to the Bulk Custodian File (WK 2)

4203 PURCHASES FROM NAVY EXCHANGES

1. IN THE UNITED STATES. If an emergency exists and the sources of supply prescribed in para 4200-4202 are not available, limited quantities of authorized ships store stock may be procured from Navy exchanges. The Navy exchange will honor the request when merchandise is available and can be sold without impairing the exchange's inventory position.
 - a. Purchase Order. All purchases from Navy exchanges will be made at cost prices. An administrative processing fee (10% of the cost of the purchase) will be added to the purchase order. An Order for Supplies or Services/Request for Quotations (DD Form 1155) will be prepared

following para 4022. All purchases made from a Navy exchange will be made under Fast Pay Procedures.

- b. Credit Card. All purchases from Navy exchanges, which have been automated, will require the use of a credit card. Ships may contact NEXCOM (ships store program) under the special 1155 process (para 4020) or use the S-1 I.M.P.A.C. card and then "buy" the merchandise from S-1. Prices for merchandise will be 15% below retail in CONUS and 10% below retail OUTCONUS.
2. FOREIGN MERCHANDISE. Purchases of foreign merchandise from Navy exchanges will be made following para 3210-3215 and 3220-3225.
3. ACCOUNTING. Purchases from Navy exchanges will be taken up as receipts from purchase on all applicable records. Copies of receipt documents will be filed in the Receipts from Purchase File BO1 and transmitted monthly to DFAS.

4204 REPAIRS TO SHIPS STORE STOCK

When ships store stock requires repair, commercial repair services may be procured. The cost of repair service will be charged to the individual ship's profits. To procure repair services, the ship will contact NEXCOM (Ships Store Program) as described in para 4220.

4205 MODIFICATION TO PURCHASE ORDERS

ROM does not allow Amendments of Solicitation/ Modification of Contract (Standard Form 30). If there are errors on the purchase order, users will delete or cancel the purchase order and reissue the order under a new purchase order with the correct information. Vendor and DFAS will be notified immediately so that a corrected invoice can be issued.

4210 GENERAL INFORMATION

The basic contracting policy and procedures for shipboard supply officers are contained in NAVSUP Pub 485. The Senior Supply Corps Officer of the ship is the only contracting officer authorized to open purchase ships store stock, material, equipment and services, with purchase authority limited to \$25,000. The supply officer has the authority to contract for supplies and services as authorized in para 4211-4217. Actions by supply officers beyond the scope of this authority may result in both disciplinary action and personal liability. A copy of each emergency contract will be forwarded to the Navy Exchange Service Command. A copy of the supply officer's justification for the emergency purchase will be attached to the purchase order.

4211 CONTRACTING REGULATIONS AND ASSISTANCE

1. The senior supply officer will ensure that personnel engaged in contracting functions are thoroughly familiar with contract directives and contents of NAVSUP Pub 485, Chapter 3, Part B. The technical advice, legal counsel, training programs, and other contracting assistance provided by NRCCs, and FISC's under NAVSUP Pub 485, para 1010 will be used to the maximum extent

possible. The supply officer will implement and exercise internal controls as may be required to preclude violations of standard contracting requirements. These violations include, but are not limited to:

- Purchase of unauthorized material or services
- Use of "split orders" to circumvent the monetary limitations imposed
- Failure to solicit competition, when purchases are in excess of \$1,000
- Failure to document sole source justification
- Purchases, which could invite allegations of "conflict of interest" (for example, purchases from a firm which contracting personnel have a financial interest)
- Acceptance of short deliveries or overpriced materials
- Failure to inspect the quality of material received
- Neglecting to take advantage of dealers' discounts, when offered
- Issuance of contracts by unauthorized personnel
- Disregard for local contracting restrictions

4212 MANDATORY CONTROLS

1. Controls will be established by the supply officer to ensure that the same person performs no two of the following functions:
 - Initiation of the requirement
 - Award of contract or placement of order
 - Receipt, inspection, and acceptance of the supplies or services

4213 CONTRACTING RESTRICTIONS

1. The senior supply officer is authorized to contract for authorized items of ships store stock up to \$25,000 which are not available from the Automated Ships Store Contract Bulletin (ACB) and Automated Ships Store Afloat Catalog (ASL) or other NEXCOM procurement sources, ONLY under the following conditions:
 - There is an emergency requirement for authorized supplies and services and scheduled operations will not permit procurement through shore support contracting activities.
 - All contracts are supported by the supply officer's written justification setting forth the facts and circumstances justifying the exercise of such authority. The original determination shall be attached to the ships store officer's copy of the contract.
 - All transactions are made by an approved small purchase method providing for immediate delivery of material purchased.
 - The requirements in para 4214 and 4215 regarding competition over \$1,000 and the solicitation of small business will be adhered to.

4214 COMPETITION

1. CONTRACTS NOT IN EXCESS OF \$1,000.00. Contracts not exceeding \$1,000.00 may be made without soliciting competition when prices are considered to be fair and reasonable. Contracts will be equitably distributed among qualified suppliers. Records of these contracts need not include a written justification for soliciting only one source or a written justification as to how prices were determined to be fair and reasonable.
2. CONTRACTS IN EXCESS OF \$1,000.00. Contracts in excess of \$1,000.00 require reasonable solicitation of quotations from qualified vendors to ensure awards are made to the advantage of the Government, price and other factors considered. Generally, quotations will be solicited orally. Competition will normally be limited to three qualified and independently competitive suppliers serving the local trade area. When three suppliers are solicited with only one quotation received, further solicitation is not required if the prices quoted can be determined to be fair and reasonable, and the contract file is documented to that effect. The contract record will include all sources solicited and responses. When only one source is solicited, a written justification explaining the absence of competition shall be included in the file.

4215 SMALL BUSINESS

1. Public Law (PL 95-907) requires that goods and services obtained under small purchase procedures in the United States shall be acquired from small businesses. The supply officer can authorize an exception to the requirement to reserve such procurement for small businesses by annotating the contract file if there is not reasonable expectation of obtaining any of the following:
 - Competitive market price
 - Offers from two or more small businesses
 - Satisfactory quality
 - Timely delivery

Generally, a small business can be defined as a company or retail organization having no more than 500 employees. Supply officers must maximize the use of small businesses in contracting for goods and services in the United States.

4216 CONTRACT REVIEWS

A review of each activity's contracting operation will be made no less than every 18 months by the appropriate type commander. The review will ensure proper contracting procedures and practices are adhered to and provide purchase guidance and assistance as required. Reviews may be a part of regularly scheduled Logistic Management Assessments.

4217 CASH PURCHASES**1. CASH PURCHASES OF SHIPS STORE STOCK ITEMS**

- a. General. When ships store stock is required under emergency conditions from a vendor who will not accept a DD Form 1155, procurement may be made using cash funds. The ships store officer will prepare the following:
- (1) A DD Form 1155 prepared as outlined in para 4202, except that the senior supply officer will sign and the disbursing officers address will be placed in the paying activities block.
 - (2) A Public Voucher for Purchases and Services Other than Personal (SF 1034) will be approved by the senior supply officer charging the Navy Working Capital Fund.
- b. Payment to Vendor. The ships store officer will give the disbursing officer the following:
- The original and one copy of the DD Form 1155
 - The original and three copies of the vendors invoice
 - The original and all copies of the SF 1034

The disbursing officer will issue a check for payment of the items. The ships store officer will give the check to the vendor. The original and three copies of the vendor's invoice will be given to the disbursing officer. One copy of the vendor's invoice will be filed with the DD Form 1155.

BLANK

SECTION III: PURCHASES USING SHIPS STORE PROFITS, NAVY

4220 GENERAL INFORMATION

1. Ships Store Profits, Navy will be used to purchase the following:

<u>Item</u>	<u>Reference</u>
Visual merchandising support services	para 2003
Display aids	para 2004
Money bags	para 2221
Dollar bill changers	para 2603
Repairs to ships store stock	para 4204
Minor equipment for retail outlets (which cannot be procured from Naval supply sources)	para 4400
Materials for modernization or improvements to the ship store facilities	para 4402
Vending machines	para 4410
Coin changers, coin counters and sorter/wrappers	para 4410
Repairs to vending machines	para 4417
Laundry and dry cleaning services from Navy exchanges and commercial sources	para 4441
ADP equipment used for store operations	para 4418

2. These items and services will not be purchased using the Navy Working Capital Fund. Purchases using Ships Store Profits, Navy, will be charged to the individual ship's profits.

4221 PROCUREMENT USING SHIPS STORE PROFITS, NAVY

1. PROCUREMENT BY LETTER. The ship will submit an official letter to the Navy Exchange Service Command requesting procurement of the following:

- Dollar bill changers
- Materials for modernization or improvements to ships store facilities
- Drink vending machines
- Other vending type machines
- ADP equipment used for retail store operations

Upon receipt of the ship reference number, the Navy Exchange Service Command will prepare a purchase order. A copy of the purchase order with a Report of Receipt, Non-receipt, or Nonconformance Card will be forwarded to the ship. Upon receipt of the equipment, Report of Receipt, Non-receipt, or Nonconformance Card will be completed by the Ships Store Officer and returned to the Navy Exchange Service Command. The ship will enter the cost of the items on the NAVCOMPT 153 upon receipt of the Abstract Data Report from OPLOC.

2. PROCUREMENT FROM SUPPLIERS. The ship will contact NEXCOM (Ships Store Program) for procurement of the following:
 - Visual merchandising support services
 - Minor equipment
 - Repairs to vending machines
 - Laundry and dry cleaning services from Navy exchanges or commercial sources
 - ADP equipment for use in ships store operations

4222 ACCOUNTING INSTRUCTIONS

1. PAYMENT IN THE UNITED STATES. In the United States, the Defense Finance and Accounting Service, Norfolk is the paying activity for all purchases using Ships Store Profits, Navy. Fast Pay Procedures apply to all purchases using Ships Store Profits, Navy, except for the following:
 - Visual merchandising support services
 - Repairs to vending machines
 - Minor equipment
 - Laundry and dry cleaning services from Navy exchanges or commercial sources
 - ADP equipment used in for ship store operations

Dealers' bills will be processed using Non Fast Pay Procedures. After paying the bill, DFAS will send the ship a Abstract Data Report (ADR). If after two months, an ADR has not been received from the DFAS OPLOC Norfolk, the ships store officer will take action to obtain one.

2. PAYMENT OUTSIDE THE UNITED STATES. Outside of the United States, purchases using Ships Store Profits, Navy will be paid by the ship's disbursing officer unless payment by another official is required.
3. REPORTING PROCEDURES
 - a. Journal of Receipts (NAVSUP Form 977): Material and services purchased using Ships Store Profits; Navy will not be reported on the Journal of Receipts B01/5 report
 - b. Ships Store Balance Sheet and Profit and Loss Statement (NAVCOMPT Form 153). If the material, services and substantiating documentation (copy of Abstract Data Report) have not been received from DFAS OPLOC Norfolk by the end of the accounting period the cost of the purchase will be reported as a liability assumed on line C24A of the NAVCOMPT Form 153. The purchase will be carried on line C24A until material or services and substantiating documentation (Abstract Data Report) is received. After the end of the accounting period, the purchase(s) will be reported on the NAVCOMPT Form 153 on line C13 or C18, as appropriate. ROM users will enter in the total of the purchase in the ROM Financial Accounting Function. The Abstract Data Report is

required to substantiate the entry on the NAVCOMPT Form 153 (see para 9321).

- c. Payment by Disbursing Officer or Other Paying Activity. When the ship's disbursing officer or other paying activity makes payment, the payment voucher will be used to substantiate the entry on the NAVCOMPT Form 153. The purchase will be reported as a liability assumed on line C24A until the payment voucher is received.

PURCHASE USING SHIPS STORE PROFITS, NAVY (REPAIRS TO VENDING MACHINE) see Figure 4-12 shown below.

BLANK

PART D: SPECIAL ORDER PROCEDURES

4300 GENERAL INFORMATION

1. Special orders of merchandise are only for individual customers and not for stock. The following are authorized for special order:
 - Articles listed in para. 3005 which are not normally stocked
 - Articles not listed in the Automated Ships Store Afloat Catalog (ASL). Special order requests for articles not listed in items 1 will be submitted to the Navy Exchange Service Command for procurement. The minimum value of article requested must be greater than \$50. Special orders for foreign merchandise will be processed as per para 3203.

4301 STANDARD SPECIAL ORDER PROCEDURE

1. GENERAL. Special orders will be processed in the same manner as any other purchase of ships store merchandise except as outlined in subpara 2-6. ROM requires each item ordered to have a stock number and a stock record card.
2. PRIOR TO INITIATING SPECIAL ORDER. Prior to initiating a special order, the remaining on board time of the customer placing the order will be determined to ensure against detachment before receipt of merchandise.
3. PREPARATION OF THE SPECIAL ORDER. A DD Form 1155 or Special DD Form 1155 will be prepared for special orders (see para 4022 and 4202). Additionally, the following statement will be manually typed on each special order:

SPECIAL ORDER

Name_____

Rate/Rank_____

Division_____

Transfer Date/Date Enlistment Expires_____

4. DISTRIBUTION OF SPECIAL ORDER. The DD Form 1155 for a special order will be distributed following para 4023.
5. RECEIPT OF MERCHANDISE. Receipts will be handled as receipts from purchase and processed through all records the same as other ships store merchandise. Upon receipt of the merchandise the customer who placed the order will be notified that the merchandise can be picked up. The price of the special order merchandise will be computed as outlined in para 2100-3. The customer will pay the retail store operator for the merchandise. The purchase will be rung up through the cash register and included in the cash collected for the day.

4302 OPTIONAL SPECIAL ORDER PROCEDURE

1. GENERAL. If deemed necessary and based on past experience, the commanding officer may direct the ships store officer to collect for special orders prior to placing the orders. The special order will be processed in the same manner as any other purchase of ships store merchandise except as outlined in subpara 2-8.
2. PRIOR TO INITIATING THE ORDER. Prior to initiating a special order, the remaining on board time of the customer placing the order will be determined to ensure against detachment before receipt of merchandise.
3. RESPONSIBILITY OF CUSTOMER PLACING THE ORDER. Before a special order is processed, the customer placing the order will pay the retail amount necessary to cover the entire retail value of the merchandise. The price of the special order merchandise will be computed as outlined in para 2100-3.
4. PREPARATION OF THE SPECIAL ORDER. A DD Form 1155 or Special DD Form 1155 will be prepared for special orders (see para 4022 and 4202). The following statement will be included:

SPECIAL ORDER

Name_____

Rate/Rank_____

Division_____

Transfer Date/Date Enlistment Expires_____

In addition, the following certification will be typed on the order:

"Payment in the amount of \$_____has been received_____(date)

(Retail Store Operator)

5. PROCESSING THE SPECIAL ORDER. Two copies of the DD Form 1155 will be given to the customer requesting the special order, who will pay the retail store operator for the merchandise. The original and remaining copies of the DD Form 1155 will be distributed following para 4023. The retail store operator will process the sale through the cash register and acknowledge receipt of payment by signing and dating the typed certification. One copy of the certified purchase order will be given to the customer as a receipt; the other copy will be forwarded to the ships store officer.
6. RECEIPT OF MERCHANDISE. Upon receipt of the merchandise, the customer who placed the order will be notified that the merchandise can be picked up. The customer will acknowledge receipt of the material by signing the certified copy of the DD Form 1155.

PART E: PROCUREMENT OF ITEMS FOR SHIP'S USE

SECTION I: PROCUREMENT OF EQUIPMENT AND OPERATING SUPPLIES

4400 MINOR EQUIPMENT AND OPERATING SUPPLIES

1. GENERAL. Operating supplies are items necessary to operate sales outlets. Supplies for service activities such as standard stock laundry supplies, barber clippers, combs and disinfecting solutions will be provided by the ship using OPTAR funds. Minor equipment are those items which are under \$100 and are not included in the ship's COSAL (such as repair parts for vending machines).
2. PROCUREMENT. Minor equipment and operating supplies will be procured as a cost of operations under para. 7320. If practical, these items will be requisitioned from other supply officers or transferred from general stores. If this is impractical, the required items may be purchased using Ships Store Profits, Navy as per para 4221-4222.
3. REPAIRS TO MINOR EQUIPMENT. The services of commercial sources to repair minor equipment may be purchased using Ships Store Profits, Navy as per para 4221-4222.

4401 MAJOR EQUIPMENT

1. Major equipment and fixtures are those items, which exceed \$100 unit cost and are categorized as follows:
 - a. Initial Installed Equipment. Major equipment and fixtures are under the cognizance of the Naval Sea Systems Command and are included in the ship's Coordinated Shipboard Allowance List (COSAL). Major equipment includes, night depository safes, washers, dryers, and presses.
 - b. Add on Equipment. Major equipment ordered and installed by the ship. Vending machines, vending machine coin changers and coin counters are examples of this equipment. Details for the procurement are covered under para 4410-4417.
 - c. ADP Equipment used to support retail operations. ADP may or may not be included as part of the ship's initial outfitting. Details for the procurement are covered under para 4418.
2. PROCUREMENT. Items of major equipment, which are not covered in the COSAL will be requisitioned in accordance with NAVSUP Pub 485, Chapter 3. The requisition will be forwarded to the Naval Sea Systems Command via the type commander, the Navy Exchange Service Command and the Naval Supply Systems Command (Deputy Commander, Plans, Policy and Systems Development). Major equipment will be procured using Operations and Maintenance funds and the appropriate type commanders subhead. Ships store profits will not be used to procure equipment and fixtures under the cognizance of the Naval Sea Systems Command.

3. **ADDITIONAL OR NEW COSAL EQUIPMENT.** If the commanding officer desires an item of major equipment to be added to the COSAL, a letter request containing complete justification will be sent to the Naval Sea Systems Command via the type commander, the Navy Exchange Service Command, and the Naval Supply Systems Command. The Ships Configuration Change Form (OPNAV 4790/CK) will accompany the letter. Forwarding endorsements will indicate the reasons whether or not the item should be added to the COSAL.

These recommendations will be considered by the Naval Sea Systems Command in making the final determination. If procurement is authorized, the equipment must meet the existing military specifications for electronic interference elimination, if applicable.

4402 MODERNIZATION AND IMPROVEMENT

1. **GENERAL.** Modernization and improvement to ships store facilities are designed to enhance the habitability and appearance of the spaces. Some examples of improvements include:
 - Redesigning the interior layout of the space
 - Upgrading security measures (including replacement/ installation of roll-up or scissors type security gates, alarm systems and security mirrors)
 - Replacement of display shelving, showcases and storage cabinets
 - Replacement/installation of false overheads, false bulkheads and decorative storefronts
 - Replacement of barber chairs, sinks and storage cabinets
 - Replacement of barbershop waiting chairs, magazine racks and barber poles
2. **MOVES, EXPANSIONS OR ENLARGEMENTS.** Modernization should not be interpreted as permitting any move, expansion or enlargement of existing ships store spaces. Moves, expansions or enlargements are ship alterations and require the approval of the Naval Sea Systems Command. After approval, the Navy Exchange Service Command, through the Naval Supply Systems Command, will coordinate with the appropriate ship logistics manager at the Naval Sea Systems Command. This is to ensure that space reservations, utility requirements, weight and other considerations are taken into account as required by NAVSEA/NAVSUP Instruction 9665.1 series (Planning and Outfit of Afloat Supply and Printing Facilities).

3. MODERNIZATION REQUESTS. If a complete modernization of a retail store or barbershop is desired, a letter request will be sent to the Navy Exchange Service Command with a copy to the type commander. It should state the purpose of the request and will include the following enclosures:

- a. A rough sketch of the space to be modernized, with exact dimensions including height between decks.
- b. Photographs of the area, if possible.
- c. Location and size of immovable obstructions within the area.

The Navy Exchange Service Command will then prepare a recommended layout of the area and provide cost estimates and procurement information to the ship.

4. FUNDING. The cost of materials for modernization and improvement may be financed from the ship's OPTAR funds when approved by the type commander. If OPTAR funds are not available, the cost of materials may be charged to Ships Stores Profits, Navy with written approval of the Navy Exchange Service Command. If desired, a loan to cover the cost of modernization may be requested from the Navy Exchange Service Command for a period of up to a maximum of three years.

5. PROCUREMENT USING OPTAR FUNDS. When OPTAR funds are used, materials for modernization and improvement will be made under local procurement regulations. All materials must meet the habitability standards in the Naval Sea Systems Command's Habitability Materials List. The Navy Exchange Service Command regardless of funding will approve modernization plans.

6. PROCUREMENT USING SSPN

- a. Approval by NEXCOM. Material for modernization and improvement will not be charged to Ships Store Profits, Navy without written approval of the Navy Exchange Service Command. All materials must meet the habitability standards in the Naval Sea Systems Command's Habitability Materials List.
- b. The NEXCOM cost estimate may be used to request authority to charge Ships Store Profits, Navy (SSPN). NEXCOM will authorize the charge to SSPN not to exceed a specified amount, provide accounting data, and offer a loan to cover the charge. The layout package along with the funding authorization may then be submitted to the local contracting activity for a contract to be negotiated for the project to be completed by a local contractor.

BLANK

SECTION II: PROCUREMENT OF VENDING MACHINES AND RELATED ITEMS

4410 BUYING VENDING MACHINES GENERAL INFORMATION

The Navy Exchange Service Command is the control point for the procurement of various type dispensing machines, amusement machines and related items. The cost of machines, maintenance and repairs will be charged to the individual ship's profits. If the ship's profits are not sufficient to absorb the charge, a loan may be requested from the Navy Exchange Service Command. Forces afloat will accomplish installation of the machines.

4411 AUTHORIZED MACHINES

1. LIST OF AUTHORIZED MACHINES. When authorized for installation afloat, the following list of machines will be operated as a part of the ships store operation:

<u>Type of Machine</u>	<u>Authority Required From</u>
Amusement Machines (electronic video)	None
Dollar Bill Changer	Type Commander
Vending Machines:	
can drink	Type Commander
candy/cookie	Type Commander
cigarette	Type Commander
hot food and snack	NAVSEASYSKOM
Vending Machine Coin Changer	Automatically authorized
Coin Counter and Sorter	if two or more vending
Coin Counter and Wrapper	machines are installed

2. VENDING MACHINES. Vending machines purchased by the Navy Exchange Service Command, regardless of the type of product vended, will be restricted to only those machines for which the manufacturer can show proof of conformance with the following standards:
 - a. For all vending machines:
Underwriters' Laboratories Inc.
 - b. For drink vending machines:
Underwriters' Laboratories, Inc.
UL541-1970-Vending Machines, Refrigerated
 - c. For all vending machines for food products (including candy and cookie):
National Sanitation Foundation
STD No. 25-Food Vending Machines, or
National Automatic Merchandising Association (NAMA) Vending
Machine Evaluation Program.

Approved vending machines with corresponding weights are listed in the Services Section of the Automated Ships Store Afloat Catalog (ASL).

4412 PROCUREMENT PROCEDURES

1. INITIAL PROCUREMENT

- a. Submission of Request. A letter request will be forwarded to the Navy Exchange Service Command via the type commander for the initial procurement of all types of authorized machines. The Navy Exchange Service Command will prepare a purchase order and send the ship a copy.
- b. Information Required. In order to expedite procurement, a letter request for procurement of machines will include the following information:
 - An inventory of all machines presently installed, with location and weight of each unit and the proposed location for the new machine
 - A complete description of the machine desired, including make, model, capacity and size
 - Accessory equipment desired, such as coin changer, repair parts, converter and other required items
 - Other information necessary to ensure procurement of the equipment desired
 - Purchase order number
 - Date required (allow 21 days prior to the date required.)
 - Specific pier side delivery instructions
 - For replacement machines only, a statement of the general condition of the machine being replaced, including date of acquisition and serial number of the equipment
 - For can drink vending machines, intended stowage space to be used for the supply of can drinks, including the capacity of these spaces and the anticipated consumption during periods at sea
- c. After Approval by the Type Commander. After the type commander has endorsed and recommended approval of the request, the ship will initiate the action outlined in subpara (1) and (2). Status classifications for ships are listed in NAVSEAINST 9096.3 series (Surface Naval Ships - Weight and Moment Compensation and Limiting Drafts).
 - (1) Status 1 Ships. Status 1 ships will notify the Naval Sea Systems Command of the compensation required or effected when installing all vending machines. The technical concurrence of the Naval Sea Systems Command is not required before installing a vending machine on a Status 1 ship.

- (2) Status 2, 3 and 4 Ships. Before installing any can drink vending machines and any machines weighing over 1,000 pound, status 2, 3 and 4 ships will obtain the technical concurrence of the Naval Sea Systems Command via message or letter. Requests for technical concurrence will include the information required by sub-para 1b, items (1), (2) and (9). When installing machines weighing less than 1,000 pounds (excluding can drink vending machines), status 2, 3 and 4 ships will notify the Naval Sea Systems Command only if concurrent compensation is not feasible. In this situation, the Naval Sea Systems Command will obtain the necessary compensation during the next regular overhaul.
2. **PROCUREMENT OF ADDITIONAL HOT FOOD AND SNACK MACHINES.** A letter request for procuring additional hot food and snack machines will be forwarded to the Navy Exchange Service Command via the type commander and the Naval Sea Systems Command. After approval, the Navy Exchange Service Command will prepare the purchase order and send the ship a copy.
3. **PROCUREMENT OF OTHER ADDITIONAL MACHINES.** A letter request for procuring additional machines not listed in sub-para. 2 will be prepared and submitted in the same manner as a request for initial procurement (see subpara 1).
4. **PROCUREMENT OF COIN CHANGERS AND OTHER RELATED ITEMS.** Coin changers, coin counters, and sorters/wrappers are automatically authorized for procurement when the ship has two or more vending machines installed. The cost of these items will be charged to the individual ship's profits. To procure them, the ship will prepare a Special DD Form 1155 following para 4202.

4413 ACCOUNTING INSTRUCTIONS

The cost of vending machines and related items will be charged to the individual ship's profits. The purchase using Ships Store Profits, Navy will be accounted for as per para 4222.

4414 REPLACEMENT OF MACHINES

1. REPLACEMENT OF MACHINES BY THOSE OF THE SAME OR LESS WEIGHT. Requests for replacement of all types of authorized machines dispensing the same product and weighing the same or less than the original machine will be submitted direct from the ship to the Navy Exchange Service Command. The letter request will include the information required by para 4412-1b.
2. REPLACEMENT OF MACHINES BY THOSE OF GREATER WEIGHT. Requests for replacement of all types of machines dispensing the same product, but of greater weight than the machine being replaced, will be processed following the procedures for initial procurement in para 4412.

3. CAN DRINK VENDING MACHINES DURING DEPLOYMENT. The type commander will determine on an individual basis the removal or retention of can drink vending machines installed on board a ship during deployments.
4. DISPOSITION OF MACHINES BEING REPLACED. Machines to be replaced will be held pending disposition instructions from the Navy Exchange Service Command.

4416 REPAIR PARTS

1. Repair parts for permanently installed vending machines may be obtained by contacting NEXCOM Ships Store Program who will purchase the item for the ship IAW para 4221. Repair parts may be obtained from other supply officers but ships must contact NEXCOM to arrange the transfer.

4417 REPAIR SERVICES

The services of a Navy exchange or commercial source may be procured to repair vending machines and related items. The cost of the service plus any parts furnished in making the repairs will be charged to the individual ship's profits. Ships will contact NEXCOM (Code A), who will obtain the repair service for the ship.

4418 ADP EQUIPMENT USED IN SUPPORT OF RETAIL OPERATIONS

1. General. ROM consists of ADP retail equipment in each of the retail outlets as well as in the ships store office. This equipment was provided by appropriated funds for ships in the fleet and will be provided for new construction ships as part of the initial load out.
2. Equipment Replacement. NEXCOM maintains a list of equipment, which is compatible with existing equipment. If a ship desires to replace the equipment they should contact NEXCOM for this list.
3. Funding. The cost of equipment replacement may be financed from the ship's OPTAR funds when approved by the type commander. IF OPTAR funds are not available, the cost of the replacement equipment may be charged to Ships Stores Profits, Navy with written approval of the NEXCOM.

SECTION IV: PROCUREMENT OF LEASED VENDING MACHINES

4430 PERMANENT INSTALLATION OF LEASED VENDING MACHINES

1. GENERAL. The permanent installation of leased vending machines will be limited to the authorized vending machines listed in para 4411. The type commander must approve the permanent installation of all leased vending machines. Installation of leased vending machines on a permanent basis requires the technical concurrence of the Naval Sea Systems Command, as per para 4412. Letter request will be submitted to the Naval Sea Systems Command via the type commander, with copy to NEXCOM. The letter will contain the following information:
 - An inventory of all machines presently installed, giving location and weight of each unit and the proposed location for the additional machines
 - A complete description of the machine desired including make, model, capacity and weight
 - For can drink vending machines, intended stowage space to be used to store can drinks, including the capacity of these spaces and the anticipated consumption during periods at sea
2. MEMORANDUM FOR THE RECORD PREPARATION. After approval of the installation has been obtained for the permanent installation of leased vending machines, A Memorandum for the Record will be manually typed and issued to the vendor. Vending machine being installed will be completely described including the make, model, capacity and serial number, if any. No installation or rental charge will be paid and no security deposit will be authorized. The Memorandum for the Record will contain a provision stating that there is no requirement that only the vendor's product will be dispensed. The senior supply officer will prepare the memo for signature:

The following statements should appear in the MEMO:

- "The U.S. Government assumes no Supplies/Services liability for loss or damage to vending machines leased."
- The vendor agrees that there is no charge for the machine or installation services.
- "The vendor agrees to the terms and conditions stated in this Memorandum for the Record _____"

The vendor will sign the Memorandum for the Record.

Enter name, rank and signature of the senior supply officer.

A copy of the MEMO covering the permanent installation of leased vending machine will be filed in the Correspondence file.

4431 TEMPORARY ACQUISITION OF VENDING SERVICES

1. GENERAL. Temporary acquisition of vending services is authorized when:
 - a. The ship is undergoing overhaul or repair
 - b. The vending machines on board cannot be operated
 - c. At other times when determined necessary by the commanding officer
2. APPROVAL. Before placing a purchase order, the following conditions must be met:
 - a. At US Navy Installations written approval of the commanding officer of the activity where the ship is located is required. (The activity's commanding officer may require the ship to utilize vending machine service from the local Navy Exchange activity. See subpara 5.)
 - b. At Civilian Installations written approval of the supervisor of ships US Navy representative, is required. If the local Navy Exchange activity is not used, and the ship desires to authorize a full contract type service, the ship must contact Navy Exchange Ships Store Program who will arrange the service.
3. NAVY EXCHANGE VENDING SERVICE.
 - a. Most Navy exchanges can provide vending machines on a temporary basis. Since this is an extension of Navy exchange services and not a part of the ships store operation, the procedures specified in para 4431 is not required. This service would include multi-line vending service. Normally, candy, cigarettes, coffee, milk, snacks, hot and cold food, amusement machines, microwave ovens and bill changers are available. The supply officer or ships store officer should contact the Navy exchange officer to arrange for the type and number of machines required. A 30-day lead-time is recommended to ensure prompt replacement.
 - b. For product machines (other than amusement machines)
 - (1) Navy exchange owned machines - 50% of net profit or a percent of gross sales, whichever, is the greater amount. The following table applies:

Maximum reimbursement rate

<u>Annual Sales</u>	<u>% of Sales</u>
up to 50,000	5%
50,001 - 100,000	10%
100,001 - 200,000	15%
200,001 and up	20%
 - (2) Navy exchange has contract machines - 50% of commission received.

- c. The rebate received will be accounted for as a contribution to Ships Store Profits, Navy, and reported on line C04B of the NAVCOMPT 153. ROM users will enter the total rebate in the financial accounting function.

BLANK

SECTION V: PROCUREMENT OF LAUNDRY AND DRY CLEANING SERVICES

4440 AUTHORIZATION FOR PROCUREMENT OF SERVICES

1. GENERAL. Laundry and/or dry cleaning services may be procured from Navy exchanges or commercial sources, when these services cannot be provided by the ship due to:
 - a. Overhaul or repair of the ship
 - b. Personnel or space limitations.
2. CHARGES FOR SERVICES. Procured laundry and dry cleaning services will be charged as follows:
 - a. Personal uniform and clothing items will be charged to Ships Store Profits, Navy as per para 4441
 - b. Sheets, bedspreads, mattress covers, linens, uniforms for food service personnel, organizational clothing and other similar non-personal items are chargeable to OPTAR funds.

4441 PROCUREMENT AND ACCOUNTING INSTRUCTIONS FOR SERVICES PROCURED BY THE SHIPS STORE FOR PERSONAL UNIFORMS AND CLOTHING ITEMS

1. GENERAL. The cost of laundry services for personal uniform and clothing items procured will be charged to the individual ship's profits. Ships Store Profits, Navy will be charged only when sufficient profits are available.
2. ROM PROCEDURES.

Procurement. Procurement and accounting will be done IAW para 4221-4222

4442 SERVICES OBTAINED INDEPENDENTLY BY CREW MEMBERS

When the ships store cannot provide laundry and dry cleaning services, the commanding officer may authorize the services to be obtained outside the ships store as an independent transaction between crew members and a Navy exchange or commercial store.

BLANK

CHAPTER 5 - RECEIPTS AND INSPECTIONS

PART A: RECEIPT DOCUMENTS.....	5-2
5000 GENERAL	5-2
5001 RECEIPTS FROM OTHER SUPPLY OFFICERS.....	5-2
5002 RECEIPTS FROM PURCHASE	5-2
5003 REQUISITIONED MATERIAL RECEIVED WITHOUT AN EXPENDITURE DOCUMENT	5-2
PART B: RECEIPT AND INSPECTION PROCEDURE.....	5-3
5100 RECEIPT ON BOARD.....	5-3
5101 INSPECTION ON RECEIPT, ACCEPTANCE BY RECEIPT INSPECTOR	5-3
5102 RECEIPTS OF PARTIAL SHIPMENTS	5-4
5103 RECEIPTS OF MATERIAL ORDERED UNDER FAST PAY PROCEDURES.....	5-4
5104 RECEIPT BY THE RESPONSIBLE CUSTODIANS	5-4
5105 CERTIFICATION OF ACCEPTANCE	5-4
5106 ERRORS IN RECEIPTS FROM OTHER SUPPLY OFFICERS	5-5
5107 ERRORS IN RECEIPTS FROM PURCHASE.....	5-6
PART C: DISTRIBUTION OF RECEIPT DOCUMENTS.....	5-7
5200 DISTRIBUTION OF RECEIPTS FROM OTHER SUPPLY OFFICERS.....	5-7
5201 DISTRIBUTION OF RECEIPTS FROM PURCHASE	5-7
PART D: POSTING AND PROCESSING RECEIPT DOCUMENTS.....	5-9
5300 ENTRIES ON RECEIPT DOCUMENTS.....	5-9
5301 POSTING DIFFERENT TYPES OF RECEIPTS.....	5-9
5302 DELETED.....	5-10
5303 POSTING RECEIPTS ON THE JOURNAL OF RECEIPTS	5-10
5304 POSTING RECEIPTS ON STOCK RECORDS.....	5-10
5305 TRANSMITTAL OF RECEIPT AND CREDIT MEMORANDUM DOCUMENTS TO DEFENSE FINANCE AND ACCOUNTING SERVICE.....	5-10
5306 ADJUSTMENTS TO RECEIPT DOCUMENTS.....	5-11
5307 SHIPS STORE UNMATCHED EXPENDITURE LISTING	5-14
PART E: PROCESSING DEALERS' BILLS FOR PAYMENT	5-17
5400 PROMPT PAYMENT ACT.....	5-17
5401 DEALERS' BILLS FOR UNITED STATES MERCHANDISE	5-17
5402 DEALERS' BILLS FOR FOREIGN MERCHANDISE	5-19
5403 FOLLOW-UP ON DEALERS' BILLS	5-20
5404 PRECAUTIONS AGAINST DUPLICATE PAYMENTS	5-21

CHAPTER 5 - RECEIPT AND INSPECTION

PART A: RECEIPT DOCUMENTS

5000 GENERAL

1. Material received aboard ship will require manually entering information on a variety of receipt papers depending upon the manner in which the material was requested, the issuing activity, and the modes of transportation used in delivery. Certain certifications are common to all manual receipt documents. Receiving personnel must:
 - Date the document upon receipt
 - Circle the quantity accepted
 - Sign the document to indicate receipt
 - Note the UPCs for each different item on the receipt document

5001 RECEIPTS FROM OTHER SUPPLY OFFICERS

1. TYPES OF RECEIPTS. Receipts from other supply officers include receipts from the following:
 - Shore supply support activities
 - Combat logistic support force ships
 - Other ships store officers
 - General stores
2. RECEIPT DOCUMENTS. The receipt document for requisitions to other supply officers will be one of the following:
 - DOD Single Line Item Release/Receipt Document (DD Form 1348-1)
 - Requisition and Invoice/Shipping Document (DD Form 1149)

5002 RECEIPTS FROM PURCHASE

Receipt documents used for purchases from vendors and Navy exchanges may be either an Order for Supplies or Services/Request for Quotations (DD Form 1155), a shipping invoice or a combination of both.

5003 REQUISITIONED MATERIAL RECEIVED WITHOUT AN EXPENDITURE DOCUMENT

CONTACT ISSUING ACTIVITY. When material is received without the issuing ship's expenditure document, the issuing ship will be contacted immediately and request issuing ship expenditure number, merchandises quantity and cost price. Until the information is received, the receiving ship will be unable to process the receipt.

PART B: RECEIPT AND INSPECTION PROCEDURE

5100 RECEIPT ON BOARD

The ships store officer is responsible for the receipt, identification and inspection of all incoming stock. However, the ships store officer may delegate an officer or enlisted assistant as receipt inspector, provided the Sales Officer has noted in his division officer notebook that this person has completed receipt inspector training. When stock is received on board, it will be assembled on the deck and checked. The ships store officer will ensure that responsible personnel are posted in suitable locations to safeguard the stock until it is secured in a locked space.

5101 INSPECTION ON RECEIPT, ACCEPTANCE BY RECEIPT INSPECTOR

1. GENERAL. For all receipts, other than OSO transfers from other ships stores, receipt will be done by case count. As an option the receiving ship may receive by quantity. The quantity indicated on the outside of a container must be checked if the container has been opened.
2. RECEIPTS FROM PURCHASE.
 - a. General. Receipts will be by case count based on shipping invoice. If a shipping invoice is not available, the receipt inspector will use the copy of the original purchase order. The receipt inspector will inspect the quantity and quality of all material received from commercial vendors. Material will be accepted only if the receipt inspector is satisfied that:
 - (1) Cases counted equal the number shown of shipping invoice or the quantity of the items received is the same as the quantity on the DD Form 1155.
 - (2) The quality of the items received is satisfactory (Only material, which is received in a satisfactory condition, will be accepted.) The liability of the Government for the material received will be governed by the terms of the purchase order. Errors in quantity and/or unit price or extended price on dealers' bills will be processed following para 5107.
 - b. Acceptance. If the quality of material received from a vendor is satisfactory, the receipt inspector may accept the quantity. If the quantity of items received is the same as the quantity ordered on the DD Form 1155, the receipt inspector will:
 - (1) Circle the quantity of case received or is it is not the same; write in actual number of cases received
 - (2) Sign name and grade and date of receipt on the shipping invoice
 - (3) Forward invoice to records keeper.

If the quality or quantity of the material is not satisfactory, the vendor should be immediately notified. If the quantity of items received is not the

same as the quantity of items ordered, the receipt inspector may accept the lesser quantity. ROM will not allow the ship to receive from a commercial vendor more than what was ordered. If the additional items are needed, another purchase order must be produced.

2. RECEIPTS FROM OTHER GOVERNMENT DEPARTMENTS. Receipts from other Government departments will be inspected for quantity and quality as prescribed above.

5102 RECEIPTS OF PARTIAL SHIPMENTS

The ROM system automatically assigns a receiving number and posts partial receipts entered in the ROM Receipts function to the Journal of Receipts. This process will be repeated until final shipment has been received for all items listed on the requisition or purchase order.

5103 RECEIPTS OF MATERIAL ORDERED UNDER FAST PAY PROCEDURES

Under Fast Pay Procedures, the vendor assumes responsibility and risk for supplies not received, damaged supplies, or supplies not in conformance with the Order for Supplies or Services/Request for Quotations (DD Form 1155). Replacement, repair or correction will be at the vendor's expense provided the vendor is advised within 90 days from date of delivery to a post office or common carrier (or shipment by other means to the point of first receipt by the Government) (180 days for overseas shipments). The vendor, the Navy Exchange Service Command (Code A) and DFAS will be notified immediately of supplies that are not received, damaged, and/or not in conformance with DD Form 1155 requirements. A copy of the DD Form 1155 should be included for identification purposes. Ships store items received under Fast Pay or Certificate of Conformance Procedures will be processed in the same manner as other receipts.

5104 RECEIPT BY THE RESPONSIBLE CUSTODIANS

1. GENERAL. ROM does not allow receipts by sales outlet operators. All receipts must be processed to bulk. The bulk custodian will receive all material by quantity, not case count. The following procedures apply:
 - Circle the quantity of items received
 - Check the "Inspected" and "Received" blocks in block 26 of the DD Form 1155
 - Sign name and grade in block 26 of the DD Form 1155

5105 CERTIFICATION OF ACCEPTANCE

1. Manual process. When the receipt inspector and bulk custodian sign their names to receiving documents, their signature certifies that that they acknowledge receipt of items listed for which they hold themselves to be responsible to the U.S. Government."
2. PDT process. While the PDT process has no provision for written signature, the bulk custodian is accountable for the information loaded into the PDT and loaded into the ROM system.

3. As the receipt inspector's copy is the accountable document for receipt, any discrepancy between the counts recorded by the receipt inspector and custodian will be investigated. Any loss will be accounted for by a formal survey process (Chapter 7) and supported by the discrepancy report.
4. Any merchandise found after the receipt is confirmed will be corrected by doing an accounting adjustment and a spot inventory, as the computer must maintain an accurate inventory at all locations.

5106 ERRORS IN RECEIPTS FROM OTHER SUPPLY OFFICERS

1. UNIT PRICE OR EXTENDED PRICE. When receipts from other supply officers contain errors in unit price or extended price, the items will be taken up within the Receipts function at the correct price. A corrected receipt will be requested from the issuing activity. If a corrected receipt is not received before the monthly transmittal of receipts, a copy of the letter request will be attached to the receipt document when it is forwarded to DFAS.
2. QUANTITY. A quantity error occurs when there is a difference between the quantity physically received and the quantity shown on the receipt document. When an overage or shortage occurs, the receipt inspector and bulk storeroom custodian will indicate on the receipt document or in the PDT the actual quantity physically received. ROM uses a weighted average to compute the cost of an item, i.e. the number and cost of stock on hand is averaged with the number of cost of the item being received. Care must be taken to determine the dollar amount of any shortage so that both the ship and customer is protected.
 - a. Shortages. A shortage occurs when the quantity physically received is less than the quantity on the receipt document, regardless of the quantity on the original requisition.
 - (1) If the shortage is less than an extended value of \$300.00 per line item. The total quantity and the value shown on the receipt document will be taken up on the stock records. The loss will be expended by survey as a charge to the Navy Working Capital Fund. The requisition number, date received and source of supply will be entered in block 9 of the Report of Survey (DD Form 200). An information copy of the DD Form 200 will be forwarded to the issuing activity. The receipt of material that does not exist will increase the average cost of the item. Any loss less than \$300 will not affect the retail price to any great degree.
 - (2) If the shortage is over \$300.00. The actual quantity and value of material actually received will be taken up as ordered. The shortage amount will be received after the ship has created a second stock card for the missing items with the cost being the OSO stated cost. The receipt will show actual quantity received by original stock number and "lost" quantity with the new stock number. After receipt, the ship will survey the total "lost" quantity.

- b. Overages. An overage occurs when the quantity physically received exceeds the quantity stated on the receipt document regardless of the quantity on the original requisition. The receiving ship has the option of either returning the excess material or keeping it. If the ship elects to keep the material and is not charged for it by the transferring ship, the receipt document should show ordered amount at stated cost and the extra amount as "zero" cost. As an alternative, the ship may do a spot inventory to bring the items into inventory.

5107 ERRORS IN RECEIPTS FROM PURCHASE

1. QUANTITY. ROM allows only the quantity ordered or less to be received and posted. Payment will be made only for the quantity posted. Quantity errors for orders under Fast Pay Procedures will be processed as per para 5103.
2. QUALITY. A quality error occurs when the condition of the material received is not satisfactory. Unsatisfactory material will not be accepted and material will be returned to the vendor.

PART C: DISTRIBUTION OF RECEIPT DOCUMENTS**5200 DISTRIBUTION OF RECEIPTS FROM OTHER SUPPLY OFFICERS**

1. DD Form 1348-1. When a DD Form 1348 is used as requisition document and a receipt document, the distribution will be as follows:
 - The original will be signed by the receipt inspector and returned to the issuing activity, if required
 - One copy, signed by the receipt inspector, with the ROM receiving report from the Receipt Inspector's File will be sent to the ships store officer for placement in File BO5, AO and RK file
2. Receipts from OSO. The distribution will be as follows:
 - Original copy of issuing ships 1149 will be dated, signed and quantities circled and returned to the issuing activity
 - Bulk custodian copy will be posted by the records keeper, and compared with the receipt inspectors' copy. Final receipt copy will be forwarded to the Sales Officer. Afterwards it will be retained in B05 AO file. One copy certified by Sales Officer will be retained in the B05 RK file

5201 DISTRIBUTION OF RECEIPTS FROM PURCHASE

1. UNITED STATES MERCHANDISE
 - a. Fast Pay Procedures Applicable. For United States merchandise, the DD Form 1155 will be distributed as follows when Fast Pay Procedures apply and after all applicable records have been posted:
 - ROM users will compare the dollar amount posted to the Journal of Receipts (B01/5 report) with the dollar amount on the receipt document
 - One copy will be filed in the B01 AO file until the monthly transmittal to DFAS
 - One copy will be filed in the B01 RK file
 - b. Fast Pay Procedures Not Applicable. For United States merchandise, the DD Form 1155 will be distributed as follows when Fast Pay Procedures are not applicable:
 - ROM users will compare the dollar amount posted to the Journal of Receipts with the dollar amount on the receipt document
 - One copy will be filed in B01 AO file until the monthly transmittal to DFAS
 - One copy will be filed in the B01 RK file

BLANK

PART D: POSTING AND PROCESSING RECEIPT DOCUMENTS

5300 ENTRIES ON RECEIPT DOCUMENTS

1. ROM users will enter receipts in the ROM Receipts function. ROM assigns a receiving number to each receipt entered and extends the receipt at cost price. The records keeper will then determine the total cost value of the receipt using the following format:
2. ROM users will enter all receipt data including transportation charges in the ROM Receipts function. ROM computes the total cost value of each receipt based on the data entered. The total dollar value of the receipt with cost of transportation) will be posted to the Journal of Receipts and Stock Record

For example:

Item	Quantity Received	Unit Cost Price	Extended Cost Total Price
Cassette Player	2 ea	\$29.75	\$59.50
Cassette Tapes	4 pk	\$ 5.00	\$20.00
			<hr/> \$79.50
Total cost value of the receipt			\$79.50
Plus transportation charges			+ 4.00
Subtotal			\$83.50
Minus 1% discount			- .84
			<hr/> \$82.66
Total dollar value of the receipt			

The total dollar value of the receipt is \$82.66 and this amount will be posted to the Journal of Receipts.

5301 POSTING DIFFERENT TYPES OF RECEIPTS

1. GENERAL. Receipt documents for all material will be posted to the applicable Stock Record, as the material must be physically routed through the bulk storeroom. When operating the ROM system, the Stock Record is the key data element in documenting ships store transactions. ROM I creates a stock record card prior to requisitioning or purchasing any item.
2. RECEIPTS DIRECTLY INTO A BULK STOREROOM. The ROM system properly posts quantities received to the stock card automatically when receipt data is entered in the ROM Receipts function.
3. RECEIPTS DIRECTLY INTO A SALES OUTLET. ROM does not allow receipts into a sales outlet. All material must be received in the bulk storeroom first.
4. RECEIPTS DIRECTLY INTO A SERVICE ACTIVITY. ROM does not allow receipts into a service outlet. All material must be received in the bulk storeroom first.

5. RECEIPTS FROM OTHER APPROPRIATIONS. For material received from other appropriations (such as the general mess or general stores), the receipt will be processed following subpara 2 or 4. The amount of the credit expenditure will be subtracted from the amount reported on line B10 of the Ships Store Balance Sheet and Profit and Loss Statement (Form 153). ROM users will indicate that the receipt is from other appropriations in the ROM Receipts function. ROM will properly post receipts from other appropriations to all applicable records.

5302 DELETED

5303 POSTING RECEIPTS ON THE JOURNAL OF RECEIPTS

The Journal of Receipts will be maintained to provide a record of all receipts at cost price. Each receipt recorded on the B01/5 Report will be assigned a receiving number from a continuous series of numbers beginning each accounting period with the number "1". ROM automatically assigns a receiving number to each receipt entered and posts the cost value of the receipt to the B01/5 Report. Corrections after documents have been transmitted to the Fleet Accounting and Disbursing Center will be made under para 5306. At the end of the accounting period, ROM will total all receipts entered and posts the applicable sections of the Form 153.

5304 POSTING RECEIPTS ON STOCK RECORDS

ROM posts the movement of all inventories when the process of receipt, expenditure or breakout is confirmed.

5305 TRANSMITTAL OF RECEIPT AND CREDIT MEMORANDUM DOCUMENTS TO DEFENSE FINANCE AND ACCOUNTING SERVICE

1. FORWARDING RECEIPTS/CREDIT MEMORANDUMS. Each month one legible copy of every receipt document including both credit memorandum/cash refund documents (DD Form 1149 and dealers invoice), receipts from requisition and receipts from purchase will be forwarded under a letter of transmittal to:
 - a. Service designators "R" and "V" ships to DFAS Norfolk, VA. Additionally, ROM users will forward a floppy diskette containing receipt information for the month. For complete mailing addresses, see para 9203-3. Documents must be submitted to DFAS Norfolk, VA, not later than seven calendar days after the end of each month. (This includes the last month of the accounting period. Receipt and credit memorandum documents will be forwarded to DFAS separately from the returns.)
2. SEPARATING RECEIPTS INTO GROUPS. Receipt and credit memorandum documents will be separated into two groups:
 - a. Receipts from purchase (including original credit memorandum documents).
 - b. Receipts from other supply officers of ships store stock and standard Navy clothing.

A copy of the letter of transmittal and a copy of the B01/5 Report will be filed with the retained returns. ROM will separate correctly entered receipts into groups automatically in the ROM Receipts function. ROM users will produce the transmittal of Receipt Documents, floppy diskette and letter of transmittal in the ROM Reports function. ROM users will compare the receipts listed on the ROM generated transmittal of receipts to verify that the total cost value posted on ROM equals the actual cost value of merchandise received.

3. NEGATIVE REPORTS. Negative reports are required. If there are no receipts during a month, a negative letter report must be forwarded to DFAS for that month.
4. MANUAL DOCUMENTATION OF TRANSMISSION. Upon submission of the receipt documents to the Defense Finance and Accounting Service, the Sales officer will note on a blank piece of paper either:

"Receipt Document Numbers ____ through ____ forwarded to DFAS on (date)." Or if there were no receipts during a month and a negative letter report was forwarded to the Defense Finance and Accounting Service, the following entry will be made on the B01/5 Report:

"Negative Receipt Document Report forwarded to DFAS on (date)."

The statement will be written or typed on a blank piece of paper and filed in retained returns.

5. MAILING RECEIPT DOCUMENTS. Receipt documents will be mailed not later than seven calendar days after the end of the month. Documents should be securely packaged in envelopes or boxes. The following will be written in the upper left corner of each package:

UIC, Name and FPO Address of ship

"Receipt document numbers ____ through ____ for the month of ____." If two or more packages are used, the number of the package and the total number of packages sent will be included on the outside of each package.

5306 ADJUSTMENTS TO RECEIPT DOCUMENTS

1. Differences in the value of a receipt document will be corrected by an Adjustment Invoice if the difference is in excess of \$10. No Adjustment Invoice will be prepared for differences of less than \$10. These differences should not have a significant impact on the ship's store operation. An Adjustment DD Form 1149 will be prepared for the difference between the amount of the receipt originally transmitted and the actual value. The difference, the original document number and the month transmitted will be included on the Adjustment DD Form 1149. A new receiving number will be assigned to the Adjustment DD Form 1149. ROM will automatically assign the next available receiving number to each Adjustment Invoice and properly post all applicable records. The value will show on the receipts side of the Form 153 in the receipts caption and on the expenditure side of the Form 153 in the Cost of Ops caption. The value of the debit or credit will be reported in the Journal of Receipts for the current accounting period. This

value will also be included in the amount reported as a receipt in the next monthly transmittal to the Defense Finance and Accounting Service. The DD Form 1149 will be distributed as follows:

- The original DD Form 1149 to the Receipts from Other Supply Officers (B05 A or Receipts from Purchase File (B01 A), as applicable, for the monthly transmittal to DFAS
- One copy to the B05 B or the B01 B, as applicable

TRANSMITTAL OF RECEIPTS TO DFAS

From: Commanding Officer, USS _____

To: Defense Finance and Accounting Service
Norfolk Operating Location
9712 Virginia Ave
Norfolk, VA 23511-3297

Subj: TRANSMITTAL OF SHIPS STORE RECEIPTS

Ref: (a) NAVSUP Pub 487, para. 5305

Encl: (1) Receipts from Purchase:

- a. Total for Current Accounting Period \$ _____
- b. Total from Prior Accounting Period \$ _____

(2) Receipts from Other Supply Officers of ships store stock and Standard Navy Clothing:

- a. Total for Current Accounting Period \$ _____
- b. Total from Prior Accounting Period \$ _____

(3) Floppy Diskette

1. In accordance with reference (a), enclosures (1) through (3) are forwarded for the month of _____ containing receiving numbers ____ through ____.

By direction

NEGATIVE REPORT OF RECEIPTS TO DFAS

From: Commanding Officer, USS _____

To: Defense Finance and Accounting Service
Norfolk Operating Location
9712 Virginia Ave
Norfolk, VA 23511-3297

Subj: TRANSMITTAL OF SHIPS STORE RECEIPTS

Ref: (a) NAVSUP Pub 487, para. 5305

1. In accordance with reference (a), a negative report is submitted for receipts during the month of _____.

By direction

5307 SHIPS STORE UNMATCHED EXPENDITURE LISTING

1. The Ships Store Unmatched Expenditure Listing displays all unmatched expenditures (payments and OSO summaries that have not matched with the corresponding receipt document. It is furnished to each ship on a monthly basis and must be annotated and returned to DFAS within 30 days after receipt.
2. The listing contains expenditure differences for a one-month period. A cumulative listing is generated at the end of each four-month reporting cycle, i.e., 31 January, 31 May and 30 September. Differences of less than \$10.00 do not appear when the expenditure is a payment made by DFAS or a Disbursing Officer. OSO Summary differences of less than \$10.00 appear for information only on the listing and remain there until aged six months. Differences of less than \$10.00 do not require adjustment.
3. The original and one copy of the Unmatched Expenditure Listing is forwarded to each ship. Upon receipt, the listing will be processed in conjunction with the ship's retained records; i.e., Purchase Order Log, Requisition Log, Journal of Receipts, etc. Enter the applicable action codes (with information required to fill in the blanks) onto the listing and return the original to DFAS within 30 days.
4. Ships Action Codes:

<u>CODE</u>	<u>EXPLANATION</u>
1	Material not received or shipments partially received. Vendor has or will be contacted.
2	Material received. Receiver's Number ____ in the amount of \$ ____ forwarded in ____ transmittal of receipts.
3	Cannot identify transaction. If valid charge, furnish copy of paid OSO Summary/Voucher Invoice.
4	Discrepancy due to quantity difference. Copy of signed delivery ticket attached. Request DFAS recoup overpayment.
5	Discrepancy due to deduction of Credit Memo ____ in the amount of \$ ____ from receipt but not from payment. Copy of credit memo attached. Request DFAS take appropriate action on credit memo.
6	Julian date/serial number appears to be incorrect. Receiver's Number ____ in the amount of \$ ____ forwarded in the ____ transmittal under Order Number _____. Request DFAS research and advise.
7	Ship's action code ____ information previously furnished on unmatched listing for _____.
8	Other. (Specify details).

5. Definitions. Definition used by the DFAS on the Unmatched Expenditure Listing for receipt/expenditure types.

a. RECEIPT TYPES

PURREC	Purchase Receipt
OSOREC	Other Supply Officer Receipt

b. EXPENDITURE TYPES

PAYEXP	Payment made to commercial vendor
ODEXP	Payment made to commercial vendor by Army, Air Force, Overseas Embassy, etc.
DLAEXP	Payment of merchandise procured from Defense Logistics Agencies (DLA). These are generally Standard Navy Clothing or Laundry Supplies; although not limited to these items.
COREXP	Correction on payment made to vendor.
COLEXP	Collection voucher (refunds, offsets, etc.)
162EXP	Requisitions summarized by Other Supply Officers.

BLANK

PART E: PROCESSING DEALERS' BILLS FOR PAYMENT

5400 PROMPT PAYMENT ACT

Under the provisions of the Prompt Payment Act (Public Law 97-177), federal agencies are required to pay interest penalties for late payment of a proper dealer's invoice. In the interest of better business relationships with vendors, improved efficiency of the bill paying functions and reduced cost of goods and service, all activities with procurement authority are required to certify and forward proper invoices promptly to the paying activity specified in the purchase order. For most purchases, payment is due within 30 days of the date of acceptance of material/services or receipt of invoice; whichever is later, unless another date is specified in the contract. In order for the paying activity to comply with the above time frames, all ships are required to submit invoices for payment within five working days following certification and acceptance of the goods or services.

5401 DEALERS' BILLS FOR UNITED STATES MERCHANDISE1. FAST PAY PROCEDURES APPLICABLE

- a. Payment to Vendor. The Fast Pay and Certificate of Conformance Procedures are designed to expedite payment to the vendor. Under these procedures, a dealer's bill is paid when the vendor can certify delivery of the material to a post office or common carrier (or shipment via other means to the point of first receipt by the Government). The vendor agrees to replace, repair, or correct supplies not received at the destination, damaged in transit, or not conforming to purchase requirements provided the vendor is advised within 90 days from date of delivery (180 days for overseas shipments). Payment for material and the cost of transportation will be made upon the submission by the vendor to the paying activity of the following:
 - The original and one copy of the purchase order
 - The original and three copies of the dealer's bill. One copy of each dealer's bill will be forwarded to the ship
- b. Checking Dealers' Bills. Upon receipt, the copies of all dealers' bills will be annotated with the date the bill is actually received on board. The copy of a dealer's bill will be checked by the ships store officer against the certified copy of the purchase order in the B01 B file. The dealer's bill will be checked to ensure that:
 - Items listed on dealer's bill are the same items received on purchase order
 - Quantities billed are the same as the quantity of items received
 - The prices listed on the dealer's bill are the same as the cost prices on the purchase order

Discrepancies in quantities billed by dealers or incorrect prices will be reported immediately to NEXCOM and the appropriate Defense Finance and Accounting Service. A copy of the DD Form 1155 and the incorrect dealer's bill should be forwarded to both commands. The receipt will be posted to the Journal of Receipts following para. 5303.

- c. Document Distribution. After the copy of the dealer's bill has been checked, the retained copy of the DD Form 1155 from the B01 B file along with the copy of the dealer's bill. The following information will be stamped or typed on the copy of the DD Form 1155:

- Date material received
- Date dealer's bill received
- Number of dealer's bill
- Date forwarded for payment
- Paying activity

In the "Date forwarded for payment" block, "Fast Pay" will be entered.

2. FAST PAY PROCEDURES NOT APPLICABLE

- a. Checking Dealers' Bills. Upon receipt, all dealers' bills will be annotated with the date the bill is actually received on board. The dealer's bill will then be checked by the ships store officer against a copy of the certified purchase order in the B01A. The dealer's bill will be checked to ensure that:

- Items listed on the dealer's bill are the same items received on the purchase order
- Quantities billed are the same as the quantity of items received
- The prices listed on the dealer's bill are the same as the cost prices on the purchase order

All dealers' bills will be forwarded to the paying activity within five days from the date of receipt of the material or the dealer's bill, whichever is later. Ships store officers will take necessary action to ensure that dealers' bills are forwarded within the prescribed time. All incorrect invoices will be returned to the vendor as soon as possible, but not later than seven days after receipt and will specify the reason for the return. If the corrected dealer's bill is not received within five days or prior to the ship's departure from the area, the incorrect dealer's bill will be processed for payment. The paying activity will pay only that part of the bill that agrees with the certified purchase order.

- b. Transportation Charges. Transportation charges, if any, must be invoiced separately on the dealer's bill. The unit cost price indicated on the receipt documents will not be changed because of transportation charges. If transportation charges have not been invoiced separately, a corrected bill will be requested from the vendor.
- c. Discounts. Discounts offered by vendors will be accepted by the ship if the dealers' bills are forwarded for payment within the prescribed time limits. Unless specifically provided in the purchase order, the discount period begins on the date of the invoice. Dealers' bills offering discounts will be processed immediately after material is received and forwarded to the paying activity designated in the purchase order.
- d. Document Distribution. After the dealer's bill has been checked by the ships store officer, the following will be forwarded to the paying activity:
 - The original and the certified copy of the purchase order in the B01 a file
 - The original and three copies of the dealer's bill

The following information will be stamped or typed on the certified copy of the DD Form 1155:

Date material received
 Date dealer's bill received
 Number of dealer's bill
 Date forwarded for payment
 Paying activity

The same dealer's bill information will be entered on the retained copy of the DD Form 1155 in the B01 B file.

5402 DEALERS' BILLS FOR FOREIGN MERCHANDISE

1. GENERAL. Payment of dealers' bills for foreign merchandise will be made under the terms of current contracts and following fleet and force commanders' instructions covering foreign purchases.
2. FAST PAY PROCEDURES APPLICABLE. When foreign merchandise is ordered from Navy exchanges, Fast Pay Procedures are applicable. The bill from a Navy exchange will be processed in the same manner outlined in para 5401-1.
3. FAST PAY PROCEDURES NOT APPLICABLE
 - a. General. Dealers' bills for foreign merchandise when Fast Pay Procedures are not applicable will be processed following para 5401-2. The bill will be submitted to the ship's disbursing officer unless payment by another official is required.

- b. Disbursing Officer Makes Payment. When a dealer's bill is received from a foreign vendor, it will be paid by the ship's disbursing officer unless payment by another official is required. To support payments by the ship's disbursing officer, the ships store officer will provide the following documents:
 - The original and one certified copy of the certified purchase order
 - The original and three copies of the dealer's bill
 - The original and all copies of the Public Voucher for Purchases and Services Other Than Personal (SF-1034)
- c. Paying Activity Makes Payment. If payment cannot be made by the disbursing officer, the following will be forwarded under a letter of transmittal to the activity designated to pay the bill:
 - The original and the certified copy of the purchase order
 - The original and three copies of the dealer's bill

5403 FOLLOW-UP ON DEALERS' BILLS

1. GENERAL. When purchased material has been received without a dealer's bill, the ships store officer will take action to ensure that a dealer's bill is received.
2. UNITED STATES MERCHANDISE
 - a. Fast Pay Procedures Applicable. When Fast Pay Procedures are applicable, the ships store officer will contact the vendor if a copy of the dealer's bill has not been received by the time the material is received on board.
 - b. Fast Pay Procedures Not Applicable. When Fast Pay Procedures do not apply, the ships store officer will contact the vendor if the dealer's bill does not accompany material when it is received on board.
3. FOREIGN MERCHANDISE
 - a. Fast Pay Procedures Applicable. The ships store officer will contact the Navy exchange officer if a copy of the dealer's bill has not been received by the time the material is delivered on board.
 - b. Fast Pay Procedures Not Applicable. The ships store officer will contact the vendor to ensure the dealer's bill is received on board before the ship's departure from the foreign area. If this cannot be accomplished, arrangements for payment will be made with a shore activity, local naval attach, naval observer, or consular officer. Arrangements will be made as follows:
 - (1) The local naval attach or naval observer must be designated as a special disbursing agent.

- (2) If there is no naval attach or naval observer, or if there is no disbursing officer available in the area, arrangements may be made with the consular officer. (The ships store officer must submit a prepared Public Voucher for Purchases and Services Other Than Personal (SF-1034) with the original and copy of the certified purchase order to the consular officer.) If no arrangements can be made, the vendor will be informed that payment of the bill will be delayed because of the sailing of the ship and that payment will be made promptly upon receipt of the bill in the mail.

5404 PRECAUTIONS AGAINST DUPLICATE PAYMENTS

1. Duplicate payments for ships store stock can occur when a ship provides vendors with duplicate original purchase orders. The ships store officer must not prepare a duplicate DD Form 1155 until verifying the following:
 - Check for a retained copy of the DD Form 1155 and a copy of the dealer's bill in the Completed Purchase Order File (B01 B)
 - Check with the Defense Finance and Accounting Service to ensure payment has not already been made, or that the original DD Form 1155 has already been received

BLANK

CHAPTER 6 - STOWAGE, BREAKOUTS AND INTRA-STORE TRANSFERS

PART A: STOWAGE.....	6-3
6000 BULK STOREROOM STOWAGE	6-3
6001 STOWAGE OF CLOTHING	6-3
6002 STOWAGE OF FILM AND SENSITIZED PHOTOGRAPHIC PAPER.....	6-4
6005 STOWAGE OF CAN DRINKS	6-4
6006 STOWAGE OF TOBACCO PRODUCTS.....	6-5
6007 STOWAGE OF LAUNDRY SUPPLIES	6-5
6008 STOWAGE OF FLAMMABLE SHIPS STORE STOCK.....	6-5
PART B: BREAKOUTS, BREAKBACKS.....	6-7
6100 GENERAL INFORMATION	6-7
6101 NUMBER CONTROL.....	6-7
6102 INTRA-STORE TRANSFER DATA	6-7
6103 TRANSFER PROCEDURE	6-8
6104 INTRA-STORE TRANSFER "UNDO" FUNCTION.....	6-9
6105 USE OF PERSONAL DATA TERMINAL (PDT).....	6-9

BLANK

CHAPTER 6 - STOWAGE, BREAKOUTS AND INTRA-STORE TRANSFERS

PART A: STOWAGE

6000 BULK STOREROOM STOWAGE

1. SPACES. Bulk storerooms are Group III spaces and will be secured as per para 1201-2. Ships store and standard Navy clothing stock will not be stowed in the same storeroom with other articles, which are not in the custody of the bulk storeroom custodian. In emergencies and when locked and separate spaces are not available, the Commanding Officer may authorize in writing other types of stowage. After the emergency has passed, the stock will be properly stowed again in a separate space.
2. MARKING. Each box or container will be clearly marked as follows:
 - a. Month and year of receipt for all items of ships store stock with special emphasis on confections, food products, tobacco products, can drinks and film.
 - b. Each box may have a ROM generated bar code on the outside of the box to assist in the inventory of all items in the location. The ROM system will print labels showing the bar code for each item in stock.
3. ARRANGEMENT AND PRESERVATION. Bulk stock will be arranged in a neat and orderly fashion. Stock should be stowed by item, brand name, bar code and date of receipt to facilitate breakouts, inventories and proper rotation of stock. Case lots should be stowed on grating and not be placed directly on the deck. Open space will be provided between individual cases and between stacks of cases or pallets. Space will also be provided between cases and structural obstructions (such as steam pipes) to permit maximum ventilation. Stagnant air is detrimental to perishable items. Bulk storerooms will be ventilated at least once a week, if practical.
4. ISSUING AND ROTATION. The oldest stock on hand in the bulk storeroom should be issued first. Generally, its "first in, first out". However, when deployed overseas, stock may be received from Fleet Industrial Supply Centers and mobile logistics support force ships, which was manufactured before the stock loaded in the United States during loading out. In this instance, the "new" stock received is actually older than the stock already in the bulk storeroom and should be issued first.

6001 STOWAGE OF CLOTHING

Clothing will not be stowed against bulkheads because of sweating. Loose clothing will be wrapped to ensure it's being clean and saleable. Special care will be taken to keep white clothing clean and attractive. Grating will be used to keep shoe containers off the deck. Storerooms will be kept dry at all times and frequently inspected.

6002 STOWAGE OF FILM AND SENSITIZED PHOTOGRAPHIC PAPER

Films will be stowed in cool, well-ventilated spaces. Special care will be taken to protect these items from moisture and excessive heat.

6003 STOWAGE OF FOOD PRODUCTS

Food products should be stored at 70°F. Cookies and crackers will be stored in a well-ventilated area. These items are subject to rapid deterioration in humidity greater than 75% and become stale and musty.

6004 STOWAGE OF CONFECTIONS

1. GENERAL. Confections keep reasonably well when stored in dry places. Cartons of candy should not be stacked higher than eight feet as the pressure and weight on the bottom cartons can damage the product. Other ships store stock should not be stowed near confections. Dry goods protected with camphor, detergents or other products will spoil candy. Confectionery stock should be stowed so air can freely circulate. Hot spots can develop and cause these products to deteriorate.
2. TEMPERATURE AND HUMIDITY CONTROL
 - a. General. Temperature and humidity effect confections. Severe fluctuations in temperature or humidity can damage confections. Proper stock rotation will ensure the freshness of confections.
 - b. Chocolate. Chocolate should be stored and sold at 60°F to 65°F with a relative humidity of 50%. At temperatures above 70°F, the cocoa butter will melt and rise to the surface causing a white "bloom". Although edible, such chocolate is a poor sales item. When chocolate with nuts is stored at temperatures above 70°F for long periods, the oil in the nuts will become rancid.
 - c. Other Candy. Non-chocolate candies are not affected by temperature as much as they are by high or low humidity. Humidity will adversely effect the appearance and taste of non-chocolate candy. Marshmallows, nougat and fudge dry out when the relative humidity is fewer than 40%. Jellies, caramels and hard candies will sweat and become sticky when the relative humidity is over 60%.

6005 STOWAGE OF CAN DRINKS

Can drinks can be stowed for a relatively long time with the exception of diet drinks. Proper rotation is essential to preserve the subtle characteristics of the drink. Damaged or leaking cans will cause other cans and cardboard cases to become wet. To prevent further damage to cans or cases, leaking or wet cans or cases should be periodically inspected to identify damaged cans or cases.

6006 STOWAGE OF TOBACCO PRODUCTS

Tobacco products will be stored in a dry, well-ventilated space. Cigarettes should be stored in a cool place at 70°F to 75°F with relative humidity of 60%. Cigars and tobacco require dry storage of approximately 60°F.

6007 STOWAGE OF LAUNDRY SUPPLIES

Laundry supplies should be stored in accordance with the manufacturer's instructions if possible.

6008 STOWAGE OF FLAMMABLE SHIPS STORE STOCK

1. The flash point of a liquid is the lowest temperature at which its vapor forms an ignitable mixture with the air. The flash point measures the risk of combustion when the liquid escapes its packaging. The flash point is not the same as the combustion temperature, which is when the liquid will actually burn.
2. Based on this criterion, the following authorized items of ships store stock have been identified as flammable stock:

Items

Fluid, lighter

Lotion, suntan

Lotion, after-shave

Mouthwash, antiseptic

Deodorant

Lotion, hair

Spray, hair

Perfumes / cologne

Polish, shoe, paste

Polish, metal

Hobby items:

Glue, model

Paint model

Dry cleaning supplies:

*Fluid

Spray spotter

Remover, grease

Laundry supplies:

Spray sizing, aerosol

*Use of Perchloroethylene solvent, which is nonflammable, is recommended in lieu of petroleum solvent.

3. **REQUIRED PRECAUTIONS.** The following precautions will be taken to minimize the hazards of flammable ships store stock:
 - a. Carefully estimate needs to prevent overstocking of flammable items. Limit retail store quantities to three days anticipated sales.

- b. Upon receipt, check flammable merchandise for condition, correct identification and proper marking/labeling.
- c. Do not concentrate flammable items in the retail store. Stow bulk stocks in a paint and flammable liquid storeroom or other protected space. If flammable items cannot be stowed in a protected space, separate them from other items. Stowage of flammable ships store stock in these spaces must be secured following para 1201-2.
- d. Identify flammable stock on Stock Card in the description block.
- e. Periodically examine flammable stock in the store and in storeroom for leakage.
- f. Ensure good housekeeping practices are strictly enforced in areas containing flammable stock.

PART B: BREAKOUTS, BREAKBACKS

6100 GENERAL INFORMATION

1. GENERAL. Transfers sometimes called breakouts or break backs involve the movement of stock between bulk storerooms and sales outlets. This includes items to be sold to customers and items to be consumed directly in the performance of a service for customers.
2. RETAIL ITEMS. The term "retail items" is defined as any item of stock that is carried for sale in a sales outlet.
3. TRANSFERING CUSTODIAN. The accountable custodian is responsible for the picking, packing, and delivery of stock from that location.
4. RECEIVING CUSTODIAN. The accountable custodian is responsible for the accurate receiving of the material into stock at that location.
5. STORE SMART REORDER REPORT. An automated process in which ROM produces a report that recommends additional stock for the selling location based on rate of sales.
6. NON-EPOS STORE COST OF SALES FORMULA. To obtain the cost of sales from a Non-EPOS store requires an inventory coupled with a "paper break back" and "reverse break out" procedure. Inventory will not be physically moved when using this procedure.

6101 NUMBER CONTROL

The ROM system automatically assigns the next available number for every applicable transaction. A new series of consecutive numbers will start each accounting period.

6102 INTRA-STORE TRANSFER DATA

1. Transfer Data Form 973. The records keeper will select the items to be transferred and the system will print out a computer generated Form 973" that will be used by the transferring custodian to pick, pack and move the material to the location specified. The 973 Form will list each item being transferred, the item quantity, the retail price of the item, and have an area in which the transferring custodian indicates the quantity transferred. The receiving custodian will confirm receipt of goods by writing in the quantity of each item received. Both transferring and receiving custodians will sign the 973 Form to confirm what was sent and received. After confirmation of the receipt of goods, the records keeper will confirm the transfer in the computer and file the 973 Form in RR1 file. The Sales Officer has the option to print out a final "confirmed" 973 transfer form at any time.
2. Smart Reorder. The Reorder Report makes recommendations on resupply to each EPOS location based on min / max levels set by the Sales officer and the rate of sale of those items. Based on sales volume, the reorder report will list those items it believes the records keeper should send to the selling location.

3. ROM Breakout Function. This function allows the records keeper to create and confirm transfers as well as view existing and past transfers. This function is located in the Inventory Movement section of ROM.

6103 TRANSFER PROCEDURE

1. GENERAL. All transfers of material to EPOS and non-EPOS locations will be handled by the same procedure.
2. SELECTION OF ITEMS TO BE TRANSFERRED. The records keeper will select the items to be transferred and print the 973 Form "As an aid to know what the store needs, the records keeper may view or print the reorder report to review the items ROM recommends for re-supply of each selling location. The records keeper will sign each 973 Form.
3. BREAKOUT OF STOCK. After preparation, the records keeper will give the 973 Form to the transfer custodian responsible to pick, pack and move the material. The transferring custodian is responsible for:
 - a. Locating and staging each of the items listed on the 973 Form.
 - b. Writing in pen the quantities of items to be transferred next to each item listed.
 - c. Signing the 973 Form to certify the accuracy of the delivery.
 - d. Ensuring the 973 Form goes with the material to the receiving location.
 - e. Moving the stock to the receiving location.
4. RECEIPT OF STOCK. Upon delivery of items, the receiving custodian is responsible for:
 - a. Recording the quantities received next to each item listed
 - b. Resolving any discrepancy in quantities at time of delivery, if possible.
 - c. Signing the 973 Form to certify the accuracy of receipt.
 - d. Ensuring the 973 Form is returned to the records keeper.

Upon receipt of the Form 973, the records keeper is responsible for:

- a. Ensuring there were no discrepancies in quantities delivered and received between the transferring and receiving custodians.
- b. Finding the correct breakout number in the computer, confirming the breakout location, edit the quantities delivered if required and confirming the transfer. ROM will post the transfer quantities to all records when the transfer is confirmed.

- c. Providing the 973 Form to the Sales Officer for the RR 1 File. As an optional safeguard the Sales officer may direct that a confirmed Transfer Form 973 be printed and attached to the unconfirmed / signed document.
5. Discrepancies Procedures. If a discrepancy exists between the quantities broken out and received, an immediate inventory of the item concerned will be taken in the bulk storeroom. The result of this inventory will be compared with the quantities shown on the Stock Record. If the quantity in bulk matches the sum of on hand and transfer quantity, the Sales Officer will direct that the transfer be confirmed based on the quantity issued or received by bulk. The Sales officer will initial the change on Form 973 and increase or decrease the quantity listed to match bulk and direct the transfer be confirmed. To record any loss and to bring book inventories in line with actual inventories the ships store officer will direct that a spot inventory for those items be taken at all locations. Should serious discrepancies be discovered, more training will be given and more attention placed on functions and procedures in completing documents properly, as well as rotation of personnel.

6104 INTRA-STORE TRANSFER “UNDO” FUNCTION

1. To compute the cost of sales for a vending machine the items must be “moved by paper” in order for the computer to know what was sold. ROM has an “undo” feature that will allow with a single button reverse the previous transfer transaction. To determine the cost of sales for a vending machine, the following process would be followed:

Operator counts the number of cans in the machine when machine is collected.

Number is reported to records keeper who does a break-back to bulk.

Form 153 is run to see cost of sales number.

Transfer number is selected and break-back is reversed to a breakout; all without any cans being moved.

6105 USE OF PERSONAL DATA TERMINAL (PDT)

1. General. The use of a PDT device may be used to validate stock and UPC numbers and move material as part of the break out and break back process.
2. Validation of Stock and UPC numbers. The PDT may be loaded with current on hand stock and UPC numbers from the back office computer. This information is used when an item is scanned to verify that the UPC or stock number on an item is actually in the computer system. UPCs and stock numbers may be updated during the scanning process. Procedures are contained in the ROM User Guide.
3. Movement of Stock. The normal process to move stock is for the store to advise the records keeper of a need or for the records keeper via the smart reorder process to generate the breakout request. The use of a PDT provides an alternative to that process and provides a streamlined process for breakouts and break-back for Non-EPOS stores.

- a. Alternative Process.
 - (1) PDT used to scan item(s) and quantities desired.
 - (2) Records keeper creates new transfer document.
 - (3) PDT data is downloaded into back office computer to generate list of items to be transferred.
 - (4) Normal breakout process is followed.
- b. Non-EPOS Store Process to determine Non-EPOS store cost of sales.
To obtain the cost of sales from a Non-EPOS store requires an inventory coupled with a “paper break back” and “reverse break out” procedure. Inventory will not be physically moved when using this procedure. Use of the PDT is recommended for this process to save time and increase accuracy.
 - (1) PDT used to scan items and quantities in inventory at location.
 - (2) Records keeper creates break back document.
 - (3) PDT data is downloaded into back office computer to generate the list of items to be transferred to bulk.
 - (4) Records keeper verifies list and confirms break back.
 - (5) Cost of Sales is determined and posted to all documents.
 - (6) Upon completion of cost of sales review, records keeper selects the correct break back and selects it for “reverse break out”. Inventory is automatically replaced in the original location.

CHAPTER 7 – EXPENDITURES

PART A: GENERAL INFORMATION	7-3
7000 EXPENDITURE DOCUMENTS	7-3
7001 RETURNABLE CONTAINERS.....	7-3
SECTION I: SURVEYS	7-5
7100 SHIPS STORE AND STANDARD NAVY CLOTHING STOCK REQUIRING REPORT OF SURVEY	7-5
7102 REVALUATION BY SURVEY OF SHIPS STORE STOCK	7-6
7103 REVALUATION BY SURVEY OF STANDARD NAVY CLOTHING	7-6
7104 GENERAL SURVEY PROCEDURES.....	7-6
7106 DISPOSITION OF SURVEYED MATERIAL	7-8
7107 SURVEYED MATERIAL SUBSEQUENTLY RECEIVED.....	7-8
SECTION II: TRANSFERS TO OTHER SUPPLY OFFICERS	7-9
7200 TRANSFERS TO OTHER SUPPLY OFFICERS (OSO).....	7-9
7201 SUMMARIZING TRANSFER INVOICES	7-10
SECTION III: TRANSFER TO OTHER APPROPRIATIONS	7-11
7210 OTHER TRANSFERS.....	7-11
SECTION IV: ISSUES TREATED AS TRANSFER TO OTHER APPROPRIATIONS	7-13
7300 TYPES OF ISSUES	7-13
7301 HEALTH AND COMFORT ISSUES AUTHORITY AND PURPOSE	7-13
7302 HEALTH AND COMFORT ISSUES TO PERSONNEL IN A PAY STATUS	7-13
7303 HEALTH AND COMFORT ISSUES TO NAVAL PERSONNEL IN A NONPAY STATUS	7-15
7304 HEALTH AND COMFORT ISSUES TO NON-NAVAL PERSONNEL IN A NON- PAY STATUS.....	7-17
7310 ISSUES TO THE GENERAL MESS.....	7-17
7311 ISSUES TO SHIP'S USE (OPTAR).....	7-18
7312 ISSUES TO THE MARINE CORPS	7-20
7313 ISSUES TO SURVIVORS OF MARINE AND AIRCRAFT DISASTERS	7-21
7314 ISSUES TO MERCHANT SHIPS IN DISTRESS	7-22
7315 ISSUES FOR BURIAL OF THE DEAD	7-22
7316 CLAIMS FOR REIMBURSEMENT FOR PERSONAL PROPERTY (ISSUES IN KIND).....	7-22
SECTION E: COST OF OPERATIONS	7-25
7400 COST OF OPERATIONS ISSUES.....	7-25
SECTION F: MARKDOWNS OF SHIPS STORE STOCK.....	7-27
7500 GENERAL INTRODUCTION.....	7-27
7501 AMOUNT OF MARKDOWNS	7-27

7502	BASIC MARKDOWN POLICY	7-27
7503	SEASONAL MERCHANDISE	7-28
7504	RETAIL PRICE CHANGE	7-29
7505	RETAIL MARKDOWNS	7-29
7506	MARKDOWNS BELOW COST	7-29
7507	MARKDOWNS TO ZERO.....	7-29

PART G: RETURNING ITEMS TO VENDORS FOR CREDIT MEMORANDUM OR CASH

REFUND	7-31
7600	GENERAL INFORMATION ON CREDIT MEMO/CASH REFUND 7-31
7601	PREPARATION OF EXPENDITURE FORM..... 7-31
7602	ACCEPTANCE OF ITEMS BY VENDOR..... 7-31
7603	LIQUIDATION OF CREDIT MEMORANDUMS 7-31
7604	ACTION AT END OF ACCOUNTING PERIOD 7-32
7605	USE OF CREDIT MEMORANDUMS 7-32
7607	PREPARATION AND DISTRIBUTION OF EXPENDITURE FORM..... 7-32
7609	ACTION AT END OF ACCOUNTING PERIOD 7-32
7610	PREPARATION AND DISTRIBUTION OF EXPENDITURE FORM FOR CASH REFUNDS..... 7-32
7611	RECEIPT OF REFUND CHECK 7-33
7612	POSTING 7-33
7613	ACTION AT END OF THE ACCOUNTING PERIOD 7-33

CHAPTER 7 - EXPENDITURES

PART A: GENERAL INFORMATION

7000 EXPENDITURE DOCUMENTS

1. General. There are six ways to expend material that you own.
 - a. Transfer to Other Supply Officers. This is an expenditure of material within the same Navy ships store financial account. The receipt of a request document that has a requisition number and list of items desired characterizes the movement. The transferring ship will prepare an OSO expenditure document to move the material to another ship.
 - b. Transfer to other Appropriation. This is an expenditure of material outside of the ships store financial account. The transfer may be to another DOD activity, the ship, or other government activity. The movement is characterized by a request document that has an accounting line that the transferring ship will use to “expend” the items. The material is moved to a different activity.
 - c. Bulk Sales/Cash Refunds. This is an expenditure of material to a commercial vendor or Navy Exchange. The movement is characterized by the fact that your ship prepares the document to “move” the material and your document references your previous purchase order number.
 - d. Cost of Operations. This is an expenditure of material to the ships store’s own use. A process that resembles a breakout characterizes the movement.
 - e. Survey. This is an expenditure of material from the ship’s financial accountability that does not move the material but accounts for its loss.
 - f. Credit memo. This is an expenditure of material to a commercial vendor.
2. Forms. The following forms will be used for expenditure transactions, as appropriate:
 - a. Report of Survey (DD Form 200).
 - b. ROM Form 1149.

7001 RETURNABLE CONTAINERS

1. When ships store stock is received in containers returnable to a vendor for credit the value of the containers will be expended after receipt as a cost of operation.

BLANK

SECTION I: SURVEYS

7100 SHIPS STORE AND STANDARD NAVY CLOTHING STOCK REQUIRING REPORT OF SURVEY

1. SURVEYS CHARGED TO NAVY WORKING CAPITAL FUND. A survey will be made immediately under the following conditions as a charge to the Navy Working Capital Fund:
 - a. Loss of stock in shipment.
 - b. Stock damaged in shipment.
 - c. Loss, shortage or damage of stock by the receiving ship during underway or in port replenishment (see para 5106-2).
 - d. Loss of stock because of damage by water, oil, fire or other similar causes.
 - e. Ships store or standard Navy clothing stock received in a damaged condition and revalued for sale in the ships store.
 - f. Standard Navy clothing stock.
 - g. Bulk stock for fleet issue held in special accounting classes.
 - h. Receipt of merchandise with expired shelf life during underway or in-port replenishment.
 - i. Loss or shortage of merchandise, which occurs between receipt on pier (when receipt is by box count) and receipt by unit of issue by bulk custodian.
 - j. When directed by the Navy Exchange Service Command.

Ships will use ROM Report of Survey (DD Form 200) to survey the material. The approval of the Navy Exchange Service Command is not required for surveys charged to the Navy Working Capital Fund. The total money value of the survey will be included on the Ships Store Balance Sheet and Profit and Loss Statement (NAVCOMPT Form 153) on line B15. ROM assigns an expenditure number, expends the surveyed items from stock records and posts the survey to the NAVCOMPT Form 153.

2. SURVEYS CHARGED TO SHIPS STORE PROFITS OF INDIVIDUAL SHIP. A Survey for ships store stock will be made immediately after loss of stock by evident theft. Ships will use A Report of Survey (DD Form 200).

7102 REVALUATION BY SURVEY OF SHIPS STORE STOCK

Under the ROM cost based accounting system, the cost price of an item cannot be changed unless changed by a price difference in a receipt. Accordingly, there are no reevaluations by survey of ships store stock. The retail price of any item can be changed above or below cost price. A change of retail price below or above cost will result in a negative or positive gross profit for the item sold.

7103 REVALUATION BY SURVEY OF STANDARD NAVY CLOTHING

1. GENERAL. Because Standard Navy Clothing is accounted for like other ships store stock, there is no revaluation by survey.
2. REPAIRS TO DEFECTIVE CLOTHING. Standard Navy clothing items with minor defects (such as split seams or missing buttons) will not be sold at standard price. Minor repairs to defective clothing items may be made on board the ship to restore wear ability. The repairs made should provide the purchaser a reasonable expectation of obtaining normal wear. After repairs, the clothing items may be sold at standard price. The cost of the materials used to make repairs will be charged as a cost of operations. Ships without the capability to make repairs to clothing or electing not to repair clothing will change the retail price of the item.
3. PUBLICITY ON SALE OF REDUCED PRICE CLOTHING. Every effort will be made to promote sales of reduced price clothing through publicity. Posters, notices, ship's newspapers, the Plan of the Day and other forms of advertising will be displayed in prominent places to inform personnel of the sale and to encourage them to buy reduced price clothing.

7104 GENERAL SURVEY PROCEDURES

1. GENERAL. Surveys provide a report for administrative review of the following:
 - The loss or damage of material
 - The cause of the loss or damage
 - The responsibility for the loss or damage

A survey also provides authority to expend the material from records. A Report of Survey (DD Form 200) is required when surveying ships store and standard Navy clothing stock. All surveys will be made at the item's cost price.

2. APPROVING OFFICIAL. The commanding officer has full responsibility for Surveys. He may delegate, in writing, "Approving officer" responsibility to the Supply Officer for survey of ship store stock valued at less than \$10,000, provided the supply officer is not also the ship store officer.
3. SURVEY OFFICER. The approving officer appoints the survey officer in writing. Individuals who are accountable or responsible will not be appointed as survey officers (for example, the ships store officer). The survey officer must be a commissioned officer, warrant officer, or enlisted member in the grades E7, E8 or E9.

4. RESPONSIBILITIES AND DUTIES

- a. Ships Store Officer. The ships store officer will print a DD form 200 in ROM to report each survey. Each block of the form should be filled out prior to entering the data into ROM and confirming (posting) the survey.
- b. Surveying Officer. The surveying officer will conduct a review of the survey.

5. FINDINGS AND RECOMMENDATIONS. The surveying officer will record the findings of the review and recommendations in block 14 of the DD Form 200. After the findings, the surveying officer will make recommendations for the disposition of the survey based on a personal evaluation of the findings. The surveying officer will:

- a. Ensure the findings and recommendations do not contain any unsubstantiated opinions or stereotyped phrases (The surveying officer's own words should be used to explain how the loss or damage occurred and to give recommendations.).
- b. Ensure findings substantiate or refute the statements made in block 9 of the DD Form 200. (The findings should be complete enough so others reviewing the report can readily determine responsibility without referring the report back to the surveying officer for further investigation or information.).

6. APPROVAL. After the surveying officer completes the Report of Survey, the DD Form 200 will be forwarded to the approving officer. The approving officer will review the DD Form 200 and ensure the loss or damage is sufficiently explained. The approving officer may approve, modify or disapprove the recommendations of the surveying officer. If the approving officer does not approve the surveying officer's recommendations, the approving officer will record the reasons for the action taken. Whether the surveying officer's recommendations are approved or disapproved, the approving officer's final action will be recorded in block 18 of the DD Form 200.

7. ACCOUNTING FOR SURVEYS. After approval, the Sales Officer will enter the information contained on the printed DD Form 200 into the ROM Survey Function, proof it for correctness and confirm the survey. The dollar value will post automatically on the Ships Store Balance Sheet and Profit and Loss Statement (Form 153) as follows:

- Line B15 - Surveys to NWCF of Ships Store Stock,
- Line B27 - Surveys to Profits of Drink Vending Machine Stock
- Line B23 – Surveys to SSPN, Retail

7105 PREPARATION AND DISTRIBUTION OF DD FORM 200

1. PREPARATION. The Report of Survey (DD Form 200) will be used to initiate a survey request. The DD Form 200 will be prepared in the ROM.
2. Distribution. After approval, and conformation of the DD Form 200 it will be distributed as follows:
 - For Surveys to the NWCF:
Original: B15 AO File
Copy: RK file.
 - For surveys to SSPN:
Original: B27 or 23 AO file
Copy: RK file.

7106 DISPOSITION OF SURVEYED MATERIAL

1. GENERAL. Ships store stock, which has been surveyed, will be destroyed or disposed of.
2. SCRAP. Items of clothing, which are surveyed, may be used aboard ship for wiping cloths or as considered appropriate, when in a sanitary condition.
3. DISPOSAL BY BURNING. Items of standard Navy clothing will not be burned except by order of the commanding officer, surveying officer or survey board. The Report of Survey (DD Form 200) will contain a statement that a medical officer has determined that the clothing items are a menace to health and must be destroyed immediately.

7107 SURVEYED MATERIAL SUBSEQUENTLY RECEIVED

Ships store and standard Navy clothing stock may be received after being surveyed as missing in shipment. To account for the material, a spot inventory will be taken to account for the material as a " Gain by Inventory".

SECTION II: TRANSFERS TO OTHER SUPPLY OFFICERS

7200 TRANSFERS TO OTHER SUPPLY OFFICERS (OSO)

1. OLD PROCEDURES. Prior to ROM II, OSO procedures used one DD Form 1149 as a ordering and receipt document. In ROM II this procedure has been separated into an ordering process and an expenditure process. To obtain merchandise, the ordering ship must issue a requisition for the items. To transfer the merchandise, the transferring ship must prepare an expenditure document. For ordering, the policy and procedures are contained in Chapter 4 of this manual. This section deals with the expenditure of the material after a requisition has been received.
2. General Procedure. Before the ship may transfer any merchandise, it will receive a request for items listed on a properly approved Requisition and Invoice/Shipping Document (1149) (original and three copies). Upon receipt of the document, the transferring ship will produce a shipping invoice/expenditure document to transfer the material. Transfers will be made at the ship's cost or agreed upon cost. If the transferring cost is less than the stated cost, the dollar difference will be charged as a Cost of Operations. The DD 1149 will be utilized to transfer merchandise to OSO. ROM allows this document to be processed by the transferring or receiving actives.
3. Requesting Ship will send an 1149 Original and three copies to a ship. It will receive expenditure 1149 returned with items. Document distribution will be made as follows:
 - a. Transferring ship's Original Expenditure Document and copy of Requesting ship's DD Form 1149 requisition filed in B05 AO file.
 - b. Transferring ship's copy expenditure document and copy of requesting ship's DD form 1149 in BO5 RK file.
4. Transferring Ship will receive an original DD From 1149 and three copies from a requesting ship. Transferring ship will prepare an expenditure (original and a copy) document. Document distribution will be made as follows:
 - a. Requesting ship's original 1149 attached with two copies of the expenditure document and filed in B19 AO file.
 - b. Requesting ship's copy 1149 attached to its expenditure document and filed in B19 RK file.
 - c. Requesting ship's copy 1149: Signed and returned with original expenditure document.
5. ACCOUNTING FOR TRANSFERS. Users will enter transfers in the Expenditure Activity function. ROM will assign an expenditure number and post transfer data on the Stock Cards and NAVCOMPT Form 153 line B19.

7201 SUMMARIZING TRANSFER INVOICES

1. TRANSFERS TO OTHER SUPPLY OFFICERS. At the end of the accounting period, transfers to other supply officers will be summarized on the Summary of Material Receipts/Expenditures (NAVCOMPT Form 176). The total reported on the NAVCOMPT Form 176 must equal the total of the following lines on the Ships Store Balance Sheet and Profit and Loss Statement (NAVCOMPT Form 153): line B19, "Transfers to Other Supply Officers - Ships Store and Standard Navy Clothing".
2. PREPARATION OF NAVCOMPT FORM 176. ROM prepares this form.
3. DISTRIBUTION OF NAVCOMPT FORM 176. The NAVCOMPT Form 176 will be distributed as follows:
 - a. The original will be forwarded to the Defense Finance and Accounting Service with the returns, along with two copies of each Expenditure Form from the Transfers to Other Supply Officers File B19.
 - b. The copy will be filed with the retained returns along with the copy of the Expenditure Form held in the B19 RK file.

SECTION III: TRANSFER TO OTHER APPROPRIATIONS

7210 OTHER TRANSFERS

1. GENERAL. Except in cases of extreme emergency, requests for ships store stock from another government department or a foreign government will not be honored if the request is not an official requisition containing the following:
 - a. The specific accounting data of the department, which will pay the cost
 - b. The signature of the fiscal officer of the other government department or the agency of the foreign government from whom reimbursement is to be obtained.
2. OTHER GOVERNMENT DEPARTMENTS AND SHIPS OPERATED UNDER THE MILITARY SEALIFT COMMAND. Every effort will be made to sell rather than transfer ships store stock to other government departments (including the Army and Air Force) and to ships operated under the Military Sealift Command. If conditions prohibit local collection, transfers will be invoiced to the Navy Ships Parts Control Center (Code 7231).
3. FOREIGN GOVERNMENTS AND FOREIGN VESSELS OF WAR. Ships store stock will not be transferred to foreign governments without the specific approval of the Naval Supply Systems Command. Ships store stock will be sold at current selling prices and cash will be collected at the time of sale, when possible. When cash is collected, the transaction will be handled as a cash sale. When it is impossible to collect cash, the transfer will be sent to the Navy Ships Parts Control Center (Code 7321) for collection action. The quantities of ships store stock transferred will be restricted to the amounts required until the arrival of the foreign ship at the next port of call or homeport. Only items that are not available from commercial sources will be transferred.
4. INVOICING PROCEDURE
 - a. General. When ships store stock is transferred to the Army, Air Force, ships operated under the Military Sealift Command, other U.S. Government departments or foreign governments and they do not or cannot provide accounting data or if it is impractical to collect sales locally, transfers will be sent to the Navy Inventory Control Point (Code 7321), Mechanicsburg, PA 17055-0791. An Expenditure Document will be prepared listing items, unit prices and extended prices. The original request and three copies of each invoice will be forwarded to the Navy Inventory Control Point (Code 7321) by the end of each month. The money value of all invoices covering these expenditures will be included in the Summary of Material Receipts/Expenditures (NAVCOMPT Form 176).
 - b. Authority. Each Expenditure Form forwarded to the Navy Ships Parts Control Center (Code 7321) will include the specific authority for the transfer and other information that will indicate the purpose or program for which the transfer was made. Reference will be made to the applicable

paragraph of the NAVSUP Pub 487. This information will be hand written on the form.

- c. Information Required. The Form covering transfers on a reimbursable basis will show the following, without exception (information may be typed or handwritten on the form):
 - (1) The name of the department, office or activity to which the material was transferred.
 - (2) The location and designation of the fiscal office from which reimbursement is to be made.
 - (3) The date and number of the requisition placed by the ordering activity.
 - (4) The appropriation symbol of the department indicated on the requisition.
 - (5) Receipt signed by a responsible representative of the receiving activity.
- a. Accounting for Other Transfers. ROM users will enter other transfers as a Transfer to Other Appropriations. ROM will assign an expenditure number and post other transfer data entered to the Stock Cards and NAVCOMPT Form 153. Due to the special nature of this transaction, ships will provide a copy of documents to Navy Exchange Service Command (Code A) so that ships store staff can track the transaction.

SECTION IV: ISSUES TREATED AS TRANSFER TO OTHER APPROPRIATIONS

7300 TYPES OF ISSUES

1. GENERAL. Issues will be limited to the following:
 - For health and comfort
 - To the general mess
 - To ship's use (OPTAR)
 - To Marine Corps personnel
 - To survivors of marine and aircraft disasters
 - To merchant ships in distress
 - For burial of the dead.
2. ISSUES AT COST, RETAIL OR STANDARD PRICE. Issues of ships store stock will be made at cost price, except for the following:
 - Issues of health and comfort items will be made at retail price
 - All issues of standard Navy clothing items will be made at standard price.

All health and comfort issues will be made from the retail store.

7301 HEALTH AND COMFORT ISSUES AUTHORITY AND PURPOSE

Health and comfort issues are authorized by NAVREGS, Art. 0767. The purpose of these issues is to provide toilet goods, tobacco, clothing items and other necessities required for the health and well being of personnel without sufficient funds to purchase them. Health and comfort issues may be made to personnel of the Navy, Marine Corps, Army, Air Force and Coast Guard and their respective reserve components.

7302 HEALTH AND COMFORT ISSUES TO PERSONNEL IN A PAY STATUS

1. These procedures apply only to personnel in a pay status who are not being paid on a regular basis. Personnel receiving bimonthly paychecks are not eligible for issues of health and comfort items and uniform issues via pay account checkage.
2. GENERAL. Issues may be made to the following personnel in a pay status of the Navy, Marine Corps, Army, Air Force, Coast Guard and their respective reserve components:
 - a. Returned deserters or absentees
 - b. Personnel on first enlistment or first reporting for active duty prior to receiving clothing allowance
 - c. Personnel subject to the Uniform Code of Military Justice (10 U.S. Code 801-940) and confined in naval confinement activities.

Issues to personnel in confinement will be in accordance with the Corrections Manual (SECNAVINST 1640.9 series).

3. APPROVAL FOR ISSUES. The commanding officer, or delegated representative, will approve all health and comfort issues by signing the original and two copies of the following:

- Request and Receipt for Health and Comfort Supplies (DD Form 504) for issues of ships store stock
- Requisition Receipt, Men's (NAVSUP Form 28) or Requisition Receipt, Women's (NAVSUP Form 28A) for issues of clothing

Prior to approval, the member's name, social security number and pay status will be verified, and a Photostat copy of the member's ID card will be attached to the forms. In some cases, the member may have a temporary ID card.

4. AMOUNTS THAT MAY BE ISSUED. Issues of ships store and clothing items to personnel without funds will be charged on the pay records of these individuals, even though this may result in an overpayment in the pay record. Items issued to persons in confinement awaiting action, trial or review after conviction, whose entitlements have not expired, will be charged to the pay record in the normal manner. Issues of ships store stock items, other than clothing, will not exceed \$35 per month at retail price for any one individual.
5. ACCOUNTING FOR ISSUES. The retail store operator will ring the purchases up in the cash register and issue health and comfort items upon receipt of the approved NAVSUP Form 28/28A and/or DD Form 504 instead of collecting the money for the items. The retail store operator will ensure the member's name and social security number on the forms agree with the Photostat copy of the ID card. The dollar value of the issues will be reported on a separate page of the Cash Register Record (NAVSUP Form 469). The original NAVSUP Form 28/28A and/or DD Form 504 will be turned over to the cash collection agent with the daily cash collections. The entry in the NAVSUP Form 469 will be signed at time of collection. After collection, the original NAVSUP Form 28/28A and/or DD Form 504 with Photostat copy of the member's ID card will be forwarded to the disbursing officer. The disbursing officer will prepare a check payable to the ships store officer for the value of the issues in accordance with PAYPERS Manual. Upon receipt of the check from the disbursing officer, an entry will be made in the NAVSUP Form 469 indicating when the check has been deposited to the ships store account with the Disbursing officer. One copy of the NAVSUP Form 28/28A and/or DD Form 504 will be filed in the AO file and one copy will be given to the person receiving the issue. At the end of the accounting period, the dollar value of ships store and standard Navy clothing stock issued will be reported on the NAVSUP Form 153 on line C02. ROM cash registers have a Health and Comfort key to record these sales.

7303 HEALTH AND COMFORT ISSUES TO NAVAL PERSONNEL IN A NONPAY STATUS

1. GENERAL. Issues to naval personnel in confinement will be made in accordance with the Corrections Manual (SECNAVINST 1640.9 series). A person in a non-pay status is not being credited with any pay or allowances. Persons are considered to be in a non-pay status when they are:
 - a. Sentenced to forfeit all pay and allowances as a result of general courts-martial conviction (see Department of Defense Military Pay and Allowances Entitlements Manual (DODPM, para 10316)
 - b. Confined by U.S. military authorities awaiting trial by a foreign court (see DODPM, para 10316)
 - c. Confined by U.S. military authorities or still serving a sentence in a confinement activity after discharge or expiration of enlistment or obligated active service (see DODPM, para 10316)
 - d. Awaiting determination of separation because of fraudulent enlistment (see DODPM, para 10401).
2. APPROVAL OF ISSUES. The commanding officer, or delegated representative, will approve all health and comfort issues by signing the original and five copies of the following:
 - a. Request and Receipt for Health and Comfort Supplies (DD Form 504) for issues of ships store stock.
 - b. Requisition Receipt, Men's (NAVSUP Form 28) or Requisition Receipt, Women's (NAVSUP Form 28A) for issues of clothing.

Prior to approval, the member's name, social security number and pay status will be verified. A Photostat copy of the member's ID card will be attached to the forms. In some cases, the member may have a temporary ID card.
3. AMOUNTS THAT MAY BE ISSUED. There is no specified limitation to the value of clothing items that may be issued for health and comfort. Issues of items, other than clothing, will not exceed \$35 per month at retail price for any one individual.
4. ISSUES CHARGEABLE TO CONFINEMENT ACTIVITY'S OPTAR
 - a. Issues of Clothing Items. The value of clothing issued to a prisoner will be expended from the Navy Working Capital FUND as a charge to the confinement activity's OPTAR.
 - b. Other Items. Items authorized by the commanding officer for health and comfort of a prisoner in a non-pay status is chargeable to the confinement activity's OPTAR.

- c. Services. Services (barber, laundry, tailor, etc.) furnished to a prisoner are chargeable to the confinement activity's OPTAR.

5. PRISONER UNDERGOING HOSPITAL TREATMENT. A prisoner undergoing treatment aboard a hospital ship may be issued the following:

- Clothing items required.
- Health and comfort items that have been approved by the ward medical officer.

The ward medical officer will determine whether or not the prisoner is able to receive the health and comfort items. The request, along with the certificate of the ward medical officer, must be approved by the commanding officer. The value of items issued will not exceed \$35 per month at retail price for any one individual. Issues will be charged to the hospital ship's OPTAR.

6. ACCOUNTING FOR ISSUES

- a. Processing Procedures. The retail store operator will issue health and comfort items upon receipt of the approved NAVSUP Form 28/28A and/or DD Form 504. The retail store operator will ensure that the member's name and social security number on the forms agree with information shown on the Photostat copy of the ID card. The dollar value of the issues will be reported on a separate page of the NAVSUP Form 469. The original NAVSUP Form 28/28A and/or DD Form 504 will be turned over to the cash collection agent with the daily cash collections and the entry in the NAVSUP Form 469 signed at the time of collection.
- b. Reporting Issues. For each issue, the ships store officer will prepare an Expenditure Form as an Issue to Ships Use to expend the value of issues made. The ship will ensure that the requesting form has an accounting line of data to enter in the ROM II form. The Expenditure Form and the NAVSUP Form 28/28A and/or DD Form 504 will be distributed as follows:

NAVSUP Form 28/28A

Expenditure Form	DD Form 504	Distribution
Original	Copy	B10 a
Copy	Copy	B10 b
Copy	Original	To the supply officer
	Copy	To person receiving issue

The records keeper will enter the issue in the ROM Expenditure Activity function. ROM will assign an expenditure number and post issue data to the NAVCOMPT Form 153.

- c. Monthly List of Issues. A list will be prepared monthly by the ships store officer and submitted to the commanding officer showing the name, social security number and the value of the articles furnished each individual.

7304 HEALTH AND COMFORT ISSUES TO NON-NAVAL PERSONNEL IN A NON-PAY STATUS

1. ISSUES TO MARINE CORPS PERSONNEL. Issues to Marine Corps personnel in a non-pay status will be charged in the same manner as issues to naval personnel.
2. ISSUES TO PRISONERS OF OTHER SERVICES. Issues of health and comfort items to members of the Army, Air Force and Coast Guard who are held in temporary custody for return to their parent service may be made when considered essential to the health and well-being of the individual. To minimize issues, the individual will be transferred to their parent service in the clothing worn at time of return to military jurisdiction, if feasible. The cost of the issues will be charged to the ship's OPTAR. A detailed statement of the purpose for the issue will be included on an itemized DD Form Expenditure Form and will be forwarded with other expenditure documents to the Defense Finance and Accounting Service, with the returns for each accounting period.
3. ISSUES TO CIVILIANS EMPLOYED BY OR ACCOMPANYING NAVAL UNITS AT TIME OF CONVICTION. Civilians employed by or accompanying naval units at the time of conviction and who are under confinement at naval activities as a result of conviction under the Uniform Code of Military Justice (10 U.S. Code 801-940) will be provided with all non-distinctive clothing items considered necessary by the commanding officer. In addition to the clothing items, a civilian prisoner will be allowed health and comfort items not to exceed \$35 per month at retail price. Issues will be approved by the commanding officer or delegated representative. The cost of maintaining civilian prisoners will be charged to the ship's OPTAR.
4. ACCOUNTING FOR ISSUES. Issues to non-naval personnel will be processed in the same manner outlined in para 7312-6.

7310 ISSUES TO THE GENERAL MESS

1. AUTHORIZED ISSUES. Only beverages and individual size servings of food items, when required for special meals, may be issued to the general mess.
2. PREPARATION OF TRANSFER TO OTHER APPROPRIATIONS. Issues to the General Mess will be expended at cost price. The food service officer will provide the Sales Officer with a requisition citing the appropriation data and items required. The Sales Officer will prepare an Expenditure document for the items.

Note: In addition to the accounting data the Sales Officer will type, the following on the Expenditure Documents.

<u>Functional Account</u>	
Credit	51000
Charge	73170

3. DISTRIBUTION OF EXPENDITURE FORM. The will be distributed as follows:
 - Original and one copy to B10 AO file and later submitted with the returns
 - One copy to B10 RK file and later filed with the retained returns
 - One copy to the food service officer
4. ACCOUNTING FOR ISSUES. At the end of the accounting period, the amount of the issue will be included on line B10 of the Ships Store Balance Sheet and Profit and Loss Statement (NAVCOMPT Form 153). ROM will assign an expenditure number and post the issue data to the Stock Cards and NAVCOMPT Form 153.

7311 ISSUES TO SHIP'S USE (OPTAR)

1. SHIPS STORE STOCK. These items will normally be limited to flashlights, batteries, padlocks, soap, film and flashbulbs. Issues to ships use are charged to OPTAR funds. However, on ships operating under Special Accounting Class 207 procedures Issues to Ship's Use will be processed as a transfer to other supply officers for ultimate charge to ship's OPTAR by the supply officer.
2. EMBLEMATIC ITEM STOCK
 - a. General Policy. The use of OPTAR funds to procure emblematic items is limited by SECNAVINST 3590.4 series (Award of Trophies and Similar Items in Recognition of Accomplishments) and fleet and type commander instructions. Authorized emblematic item stock (listed in para. 3005) will not be issued to ship's use for any reason other than those in subparagraphs b and c.
 - b. Emblematic T-shirts. T-shirts bearing the ship's identification may be issued to food service personnel as organizational clothing. The following statement will be hand written on the Expenditure Form Expenditure Form (See Figure 7-6): "Organizational clothing item issued for use in the general mess."
 - c. Plaques. Ship's plaques will be procured for stock only after approval from the Navy Exchange Service Command as per para. 3102-2. If they are stocked, plaques may be issued for ship's use as provided for in SECNAVINST 3590.4 series and fleet and type commander instructions. Generally, these instructions prohibit plaques being presented to:
 - (1) Any person as a gift or memento
 - (2) Any person on reenlistment, retirement or transfer.
3. CLOTHING AND INSIGNIA
 - a. Standard Navy Clothing. Standard Navy clothing may be issued to naval personnel charging OPTAR funds upon the determination of the commanding officer that their assigned duties warrant the issues. Authorization for issues may be included in the ship's organizational

manual. Issues will be generally restricted to work of an unusually destructive nature, such as:

- Cleaning fuel oil tanks
- Replacing and sealing soft patches on submarines
- Handling explosives
- Handling acids, corrosives or lead acid storage batteries
- Galvanizing or tinning
- Decontamination work

Standard Navy clothing issued for ship's use will remain the property of the Navy and will be prominently marked to indicate Navy ownership. Positive steps will be taken to maintain accountability.

- b. Insignia. Issues to ship's use of shoulder sleeve unit identification marks (UIM) will be made following NEXCOMINST 10120.10 series (Shoulder Sleeve Unit Identification Marks (UIM)). Issues of all other items of insignia will be made following fleet and type commander instructions.

4. ACCOUNTING FOR ISSUES

- a. Preparation of Expenditure Form. On ships operating under Special Accounting Class 207 procedures, issues to ship's use will be processed and accounted for as transfers to other supply officers. On all other ships, issues to ship's use will be expended on an Issues to Use Expenditure Form. The supply officer will provide the OPTAR accounting data to the Sales Officer. Additionally, the following two entries must be typed on the Expenditure Form:

"This issue meets the criteria of SECNAVINST 3590.4 series and is to be used specifically for _____"

(Fill in as appropriate)

<u>Functional Account</u>	
Credit	51000
Charge	13000

The ships store officer will approve the issue and process the transaction.

- b. Distribution of Expenditure Form. The Form will be distributed as follows:
- Original and one copy to the B10 AO file and later submitted with the returns
 - One copy to B10 sub RK file and later filed with the retained returns
 - One copy to the supply officer for posting to the ship's Requisition/OPTAR Log or other appropriate record

- c. Accounting Procedures. For issues to ship's use, quantities issued will be expended from Stock Records. At the end of the accounting period, the amount of the issue will be included on line B10 of the Ships Store Balance Sheet and Profit and Loss Statement (NAVCOMPT Form 153).
- d. Special Command Representation Funds. The type commander may grant special command representation funds to the commanding officer during deployments. These funds may be used to procure emblematic items under the instructions provided by the type commander. The same procedures for processing issues to ship's use will be followed. However, the accounting data for the special fund will be entered on the Expenditure Form instead of the ship's OPTAR data.

7312 ISSUES TO THE MARINE CORPS

1. GENERAL. Articles required for use by a Marine Corps detachment, which will become the property of the Marine Corps may be issued on the written request of the officer in command of the detachment. Clothing items will not be issued to Marine Corps personnel unless accompanied by a signed order from the individual's commanding officer, except for health and comfort issues. An expenditure form will cover all issues to the Marine Corps. The issues will be expended as follows:
 - a. For issues involving field allotments, the expenditure form will cite the Marine Corps appropriation, operating budget and functional account.
 - b. For issues involving an operating budget accounted for by Headquarters, U.S. Marine Corps, the headquarters commitment authorization number will be abbreviated as "HCA No." and shown with other applicable accounting data. (When more than one headquarters commitment authorization number is cited on the same voucher, the amount applicable to each number will be shown.) Issues to the Marine Corps will be reported on line B10 of the NAVCOMPT Form 153.
2. DISTRIBUTION OF EXPENDITURE FORM. When issuing material to a Marine Corps detachment, the original and three copies of the Expenditure Form will be forwarded to the officer in command of the detachment. The Marine Corps officer in charge will sign for receipt and return the original and two copies of the DD Form Expenditure Form to the ships store officer. The ships store officer will distribute the Form as follows:
 - The signed original and one copy will be filed in the B10 AO file and later submitted with the returns
 - One copy will be filed B10 RK file and later filed with the retained returns
3. ACCOUNTING FOR ISSUES. For issues to the Marine Corps, quantities issued will be expended from Stock Records (NAVSUP Forms 464). ROM users will enter issues to the Marine Corps in the ROM Expenditure Activity function as a "Transfer to Other Appropriations". The ROM system will post issue data to 153.

7313 ISSUES TO SURVIVORS OF MARINE AND AIRCRAFT DISASTERS

1. CASH PAYMENT. Ships store items may be sold for cash to survivors of marine and aircraft disasters if they have personal funds in their possession. The sale of clothing items to survivors who are non-naval personnel will be restricted to non-distinctive items (see para 2000-4). If the survivor is without personal funds, emergency issues may be made under subpara 2.
2. EMERGENCY ISSUES. Upon written order of the commanding officer, emergency issues may be made to a survivor who is without personal funds. Emergency issues will be restricted to the minimum items and quantities required for the immediate needs of health and comfort. Clothing items issued to survivors who are non-naval personnel will be restricted to non-distinctive items. Each survivor will sign a NAVSUP Form 28/28A acknowledging receipt of the items. A copy of the NAVSUP Form 28/28A will be forwarded by the rescuing ship to the commanding officer of the ship or station to which the survivors are transferred. This copy will be attached to a copy of the transfer orders of the survivor for consideration in adjudicating the claim of the survivor for reimbursement for personal property lost. An itemized Expenditure Form covering the issues will be prepared. The Form will contain a detailed statement of the circumstances involved in the issue of the items and the date the items were issued. In the case of merchant ships, the name and address of the owner of the merchant ship will be included in the statement. The original signed NAVSUP Form 28/28A will be attached to the original of the Form. Reimbursement to the Navy Working Capital Fund will be made by one of the following procedures, as appropriate:
 - a. Issues made to U.S. military personnel and U.S. civilians employed by the Department of Defense will be expended locally as a charge to the appropriation Claims, Department of Defense
 - b. Issues to survivors of U.S. merchant ships will be invoiced to the Navy Inventory Control Point (Code 7231), Mechanicsburg, PA following para. 7211-4
 - c. Issues made to other survivors will be expended locally as a charge to the ship's OPTAR.
3. DONATIONS. When items required for health and comfort are not available from ships store stock, these items may be donated to the survivors by the personnel of the rescuing ship, as authorized by the commanding officer. Each survivor will sign a NAVSUP Form 28/28A acknowledging receipt of the items listed. The original NAVSUP Form 28/28A will be given to the donor and will be attached to the claim of the donor for reimbursement. A copy of the NAVSUP Form 28/28A will be forwarded by the rescuing ship to the commanding officer of the ship or the station to which the survivors are transferred. This copy will be accompanied with a letter of transmittal or will be attached to a copy of the transfer orders of the survivor, for consideration in adjudicating the claim of the survivor for reimbursement for personal property lost. Claims of U.S. military personnel for personal property donated to survivors under this subparagraph will be submitted as per para 7316.

7314 ISSUES TO MERCHANT SHIPS IN DISTRESS

1. AUTHORITY. In accordance with NAVREGS, Art. 1144, when authorized by the senior officer present and upon the written order of the commanding officer, merchant ships in distress may be issued items of ships store stock including non-distinctive clothing. The order must set forth the pertinent circumstances.
2. CASH SALE. When practical, items will be sold for cash at retail price. Expenditures will be reported as cash sales (see para 2000-8).
3. INVOICED TO NAVICP (CODE 7231). When it is impossible to sell them for cash, the items will be issued as prescribed in para 7211-4. The items will be invoiced to the Navy Inventory Control Point (Code 7231), Mechanicsburg, PA. ROM users will enter issues to merchant ships in distress as an "OSO" transfer in the ROM Expenditure Activity function. ROM will assign an expenditure number and post issue data entered to the NAVCOMPT Form 153.

7315 ISSUES FOR BURIAL OF THE DEAD

Articles of clothing for burial of the dead will be issued on request of the commanding officer or medical officer. The items will be issued as prescribed in para 7312. These issues will be expended directly from the Navy Working Capital Fund charge to the appropriation Operations and Maintenance, Navy and the appropriate Naval Medical Command subhead.

7316 CLAIMS FOR REIMBURSEMENT FOR PERSONAL PROPERTY (ISSUES IN KIND)

1. AUTHORITY. The authority for reimbursement for personal property lost, destroyed, damaged, captured or abandoned as a result of military service is contained in the Military Personnel and Civilian Employees' Claims Act of 1964 as amended (31 U.S. Code 240-243).
2. SUBMISSION AND ADJUDICATION OF CLAIMS. The regulations governing the submission and the adjudication of claims for reimbursement for personal property lost, destroyed, damaged, captured or abandoned as a result of military service are published in the Manual of the Judge Advocate General, Chapter Claims will be submitted using the Claim for Personal Property against the United States (DD Form 1842) and the Schedule of Property (DD Form 1845).
3. TYPES OF REIMBURSEMENT. JAG Manual, section 2124e authorizes commanding officers, in the grade of lieutenant commander and above, to replace items in kind for enlisted members. If the claim concerns items that cannot be reimbursed because they are not in stock or not carried in the ships store, it should be forwarded to the nearest adjudicating authority for adjudication and payment in cash. The Defense Finance and Accounting Service, Cleveland, OH will then pay the claim from allotments administered by the Judge Advocate General.

4. PROCEDURE FOR REIMBURSING ENLISTED PERSONNEL

- a. General. Approved claims will be forwarded by the adjudicating officer to the ships store officer. The claimant should be notified promptly by the adjudicating officer of the approval of the claim and will be directed to report to the ships store for issues in kind. Issues will be made only on presentation of an original and five copies of the DD Forms 1842 and 1845. Issues of items need not be identical in kind or quantity to those lost, but will be issued in accordance with the preferences of the claimant subject to the money value restrictions as approved by the adjudicating officer. Items issued will be receipted for by the claimant on the original and five copies of the Requisition Receipt, Men's (NAVSUP Form 28) or Requisition Receipt, Women's (NAVSUP Form 28A). No issues will be made later for items claimed that were not in stock when the initial issue was made.
- b. Partial Issues. For partial issues in kind, the ships store officer will endorse and certify the original and five copies of the DD Forms 1842 and 1845 and the NAVSUP Form 28/28A. The date, the ship, the items issued, the value of the issue and the balance due will be entered on the forms.

The original and two copies of the DD Forms 1842 and 1845 and NAVSUP Form 28/28A will be promptly forwarded to the nearest adjudicating authority listed in JAG Manual, Appendix A-21-i for approval of cash payment of the balance due.

- c. Final Issues. For final issues in kind, the ships store officer will endorse and certify the original and five copies of the claim. The date, the ship, the items issued and the value of the issue will be entered on the forms. The ships store officer will retain the original DD Forms 1842 and 1845 and the NAVSUP Form 28/28A.

5. ACCOUNTING FOR ISSUES MADE IN KIND. For each issue in kind, all items issued will be expended on a DD 1149. The Form will charge the appropriation Claims, Department of Defense. An expenditure number will be assigned. The 1149 will be distributed as follows:

- Original and one copy to the B10 AO file with two copies of the DD Form 1842 and 1845 and two copies of the NAVSUP Form 28/28A attached (At the end of the accounting period, these will be submitted with the returns to DFAS.)
- One copy to B10 RK file with the following attached:
 - For partial issues, a copy of the DD Forms 1842 and 1845 and a copy of the NAVSUP Form 28/28A

- For final issues, the original DD Forms 1842 and 1845 and the original NAVSUP Form 28/28A (At the end of the accounting period, these will be included in the retained returns.)

At the end of the accounting period, the total amount of issues in kind will be entered on line B10 of the Ships Store Balance Sheet and Profit and Loss Statement (NAVCOMPT Form 153).

SECTION E: COST OF OPERATIONS

7400 COST OF OPERATIONS ISSUES

1. ROM will assign the next available number to each cost of operations transfer document.
2. Cost of Operation Elements. The following entries will be part of the stores cost of operations and will show on the NAVCOMPT 153:
 - a. Any rounding differences caused by the averaging of line item costs
 - b. Any transportation charge
 - c. Any difference between the stated average cost of an item and the amount of money received for that item when it was expended.
 - d. The dollar value of all accounting adjustments.
3. NAVCOMPT 153. Total Cost of Ops issues for the accounting period will be on the NAVCOMPT 153 form and may be viewed at any time. At the end of the accounting period, the Cost of Ops report will be printed and filed with the retained returns.

BLANK

SECTION F: MARKDOWNS OF SHIPS STORE STOCK

7500 GENERAL INTRODUCTION

A markdown is a reduction in a previously established retail price of an item of merchandise. Markdowns are a necessary expense of retail operations and a very important procedure in turning the inventory of slow moving items or to create interest in the store. Markdowns will be taken as indicated in para 7502 and 7503 and at other times when the merchandise will not sell at its present selling price. All markdowns will be prominently displayed so that customers can easily see markdown prices. To avoid having to take large markdowns on any one item, markdowns will not be delayed or set aside. Merchandise that cannot be sold due to deterioration, damage or any other reason should be surveyed.

7501 AMOUNT OF MARKDOWNS

1. General. All markdowns will be made in an amount sufficient to promote sale of the merchandise. The initial markdown will be sufficient to create customer interest and yet realize a fair value in return. The practice of taking markdowns progressively each week will tend to reduce profits since customers will wait until the item is marked down to practically nothing. Initial markdowns of 25% to 50% are not uncommon in the retail trade and should be taken when necessary to stimulate sale of the item. Slight interest is created when a \$10.00 item is marked down to \$9.00. However, the same item marked down to \$7.50 may attract immediate sale.
2. EFFECT OF MARKDOWNS. Each item held in inventory has a cost price, which does not change as a result of a retail price change. If the retail price is above the cost price, the ship will make a profit on each item sold. If the retail price is below the cost price, the ship will lose profit on each item sold. The gain or loss occurs at the time of sale. Accordingly, sales officers may raise or lower the retail price to reflect the ship's markdown policy and need to sell the merchandise. It is important to note that lowering the retail price below cost has no effect on ship's profit until the item is sold and the total loss will depend on the number of items sold "below cost".

7502 BASIC MARKDOWN POLICY

1. GENERAL POLICY. Every effort should be made to sell every item at full retail price. If markdowns are required, different types of ships store merchandise should be marked down at different times. For markdowns, ships store stock is categorized by groups. Merchandise in any group that cannot be sold due to deterioration, damage or for any other reason should be surveyed. The cost of the survey is chargeable to the individual ship's profits. Markdowns may be required to make items attractive in price for transfer to other ships stores or sale to Navy exchanges.

2. Group I

- a. Categories: Appliances, Athletic supplies, Hobby items, Jewelry, Photographic supplies, Luggage and leather goods
- b. Markdown policy: Deep markdowns on Group I merchandise should be taken when the merchandise becomes obsolete or shopworn. Most merchandise in Group I begins to become obsolete after 6 months and has been replaced by new models by the end of 12 months. Therefore, markdowns on Group I merchandise should be taken when the merchandise becomes 6 months old. The markdown should be deep enough to ensure sale or transfer.

3. Group II

- a. Categories: Confections and food products, Tobacco products, Stationery, Sundries, Toiletries
- b. Markdown policy. For the most part, Group II merchandise will only be marked down to expedite sales when there is an excess of an item on board. Perishable items (such as food products, confections and tobacco products), which have deteriorated with age and cannot be sold at any price, will be surveyed. Stationery products may also deteriorate beyond a salable condition.

4. Group III

- a. Categories: Uniform accessories (excluding standard Navy clothing)
- b. Markdown policy. Group III merchandise should not require any markdown, except when excesses occur.

7503 SEASONAL MERCHANDISE

- 1. Seasonal merchandise should be marked down well before the end of the seasonal period. For example, Christmas cards remaining in stock at the end of November should be marked down to expedite sales. On the other hand, sunglasses and suntan lotions should not be marked down at the end of the summer season if the ship is scheduled to deploy to a hot weather climate and the items will be in demand. A markdown plan should be established to ensure markdowns are taken during peak selling periods. Peak selling periods include: Valentine's Day, Easter, Mother's Day, Father's Day, and periods of deployment. The items marked down should coincide with the holiday period. For example, markdowns should be taken on women's jewelry and appliances around Valentine's Day, Mother's Day and Easter, while markdowns on cufflinks and pipes at the same time would not be expected to expedite sales of these items. The following can minimize the number of markdowns taken during an accounting period:
 - a. Proper maintenance and use of stock records
 - b. Limiting the number of brands and price lines carried

- c. Carrying only the best sellers
- d. Taking markdowns as necessary without delay.

7504 RETAIL PRICE CHANGE

For items to be marked down, the Sales Officer will change the retail price of the item to the new retail price. The records keeper will edit their stock record card to change the price of the item when instructed by the sales officer. A markdown represents a reduction in the gross profit any item generates. If the retail price is below the cost price, the item will generate a negative gross profit. In ROM the financial cost of a markdown is felt only when the item is sold. Sales Officers may change the price of an item at any time, up or down to reflect the appropriate retail circumstances. The cumulative effect of those price changes will be reflected on the Profitability Report.

7505 RETAIL MARKDOWNS

A retail markdown is a voluntary reduction in the selling price of an item to a price above or equal to its original cost price. A markdown to cost is a type of retail markdown in which the retail price of an item is marked down to equal its cost price (At a zero cost price, the item will be surveyed). Only the retail price of an item will be changed by the markdown. The cost price will not be changed.

7506 MARKDOWNS BELOW COST

A markdown below cost is a voluntary reduction in the selling price of an item below its average cost price.

7507 MARKDOWNS TO ZERO

1. **GENERAL.** A markdown to zero reduces the value of an item to zero by reducing ship's store profits by that amount of markdown. ROM does not have a separate markdown to zero function but uses the Survey to Ship's Store Profits function to expend this stock. For the purpose of markdowns to zero only, the following applies to completion of the Survey Form:

Survey Type:	Choose SSPN, Retail or Vending depending on the item
Reasons:	Markdown to Zero
Circumstances:	Markdown to Zero
Block 14(a):	Type the following statement: <i>"I have personally seen the merchandise listed marked down to zero and ordered it destroyed"</i> . This statement should be signed by the senior supply officer.
Block 17:	Ensure "Approval" is chosen
Block 18:	Supply Officer signs and dates form as they have final authority.

2. Ship Store stock will be marked down to zero under the following conditions:
 - a. Items of stock that are shopworn and have no resale value due to damage or deterioration regardless of dollar value.

- b. Food or beverage items unfit for human consumption. These items must be certified by medical department representative (see para 2106).
- 3. Profits of the ships store must be adequate to absorb the cost of markdowns.

PART G: RETURNING ITEMS TO VENDORS FOR CREDIT MEMORANDUM OR CASH REFUND

7600 GENERAL INFORMATION ON CREDIT MEMO/CASH REFUND

Ships store items may be returned to a vendor in exchange for credit memorandum or cash refund. Cash refund is the preferred method for return of ships store items to a vendor. Before returning the items, the vendor must be willing to accept returns on one of these conditions. When returning items, the vendor will be notified of the type of return that will be used. All merchandise returned to vendors will be returned from the bulk storeroom. The quantity returned will be expended from the Stock Record (Form 464). ROM users will enter returns to vendors for credit memorandum or cash refund in the ROM Expenditure Activity function.

7601 PREPARATION OF EXPENDITURE FORM

1. A ROM Expenditure Form will be prepared for items returned to the vendor.
2. The Form will be prepared in accordance by filling in all the information required on the computer screen. Of note is that the price provided by the vendor may be different than the original cost. The records keeper must insert the price given by the vendor. Any dollar difference will be charged to the ship as a cost of operations. In addition at the bottom of the Form, the following statement will be entered:

"I acknowledge receipt of the above items returned for (Enter "exchange for similar items", "credit memorandum", or "cash refund", as appropriate.)

Name Date

7602 ACCEPTANCE OF ITEMS BY VENDOR

The vendor, or an authorized representative, will sign for receipt of the returned merchandise on the Expenditure Form. If arrangements are made with the vendor to return the merchandise via mail, the items will be sent by registered mail with two copies of the Expenditure Form. In this case, the registered receipt from the post office will be attached to the original Expenditure Form pending return of one signed copy of the Form from the vendor.

7603 LIQUIDATION OF CREDIT MEMORANDUMS

1. Time Allowed. Sound business practice dictates that all credit memorandums and cash refunds should be liquidated promptly. If after 60 days, the refund check or vendor's credit invoice has not been received and difficulties are encountered, assistance from the Navy Exchange Service Command should be requested. Copies of all correspondence with the vendor should be included with the request.
2. Exchange of Merchandise. Because every item has a unique stock number and UPC all credit memorandums will be for cash or credit memo. There are no

provisions for exchange of merchandise for lesser, greater or equal value. If a new item is desire, the ship will issue a purchase order for it.

7604 ACTION AT END OF ACCOUNTING PERIOD

At the end of the accounting period, if cash or the credit memos have not been received for material returned to the vendor, the dollar value of the returned items will be carried as part of the inventory. The sales officer will ensure that the quantity of the items listed on the credit memo / cash refunds have been listed or are scanned into the inventory.

7605 USE OF CREDIT MEMORANDUMS

Credit memorandums provided to ships by vendors will be sent to the Fleet Accounting and Disbursing Center for processing. Credit memorandums with the Expenditure Form will be included in the monthly transmittal of receipts.

7607 PREPARATION AND DISTRIBUTION OF EXPENDITURE FORM

1. PREPARATION. When items are returned for credit memorandum, an Expenditure Form will be prepared. Additionally, the following statement will be entered at the bottom of the Expenditure Form:

Credit memo # _____ dated _____ in the amount of received.

Upon receipt of the credit memorandum, the number, date and total money value of the credit memorandum will be entered in the applicable spaces of the DD 1149.

2. DISTRIBUTION. After the vendor has signed the Expenditure Form and a credit memorandum has been received from the vendor, the documents will be distributed as follows:
 - Original Expenditure Form and original credit memorandum to B01 AO file until included in the monthly transmittal of receipts
 - One copy of the Expenditure Form and one copy of the credit memorandum to B01 RK file.
 - ROM users when the memo has been received will confirm the data in ROM. ROM will automatically post the NAVSUP Form 464 and journal of receipts.

7609 ACTION AT END OF ACCOUNTING PERIOD

At the end of the accounting period, if a credit memorandum has not been received, the dollar value of the returned items will be carried as part of the inventory. If the information is not included, the Sales Officer will ensure that the items listed on the credit memorandum will be scanned into the ending inventory.

7610 PREPARATION AND DISTRIBUTION OF EXPENDITURE FORM FOR CASH REFUNDS

1. REPARATION. When items are returned for cash refund, a Expenditure Form will be prepared. Additionally, the following statement will be entered on the Expenditure Form:

"Make refund check payable to the Treasurer of the United States, and mail to the Ships Store Officer, USS _____, FPO _____."
2. DISTRIBUTION. After the vendor has signed the Expenditure Form, it will be distributed as follows:
 - Original and one copy filed in the Expenditure file (WK4) until the refund check is received
 - One copy to the vendor
3. ROM users will enter items returned to vendors for cash refund in the ROM Expenditure Activity function

7611 RECEIPT OF REFUND CHECK

1. Upon receipt of the refund check from the vendor, the Expenditure Form will be confirmed. The refund check will then be turned over to the disbursing officer for credit to the Defense Business Operation Fund along with the original and one copy of the Expenditure Form from the Expenditure file WK4. The disbursing officer will assign a collection voucher number and return the copy of the Expenditure Form to the records keeper. The records keeper will enter the following information on the Form:

Check # _____ dated _____ in the amount of \$ _____ received and deposited with the D.O. on _____. Disbursing Officer's Collection Voucher # _____ applies.

7612 POSTING

Upon confirmation of the refund, ROM will post cash refunds to the cash sales invoice and the 153 line C04 B. One copy of the DD Form Expenditure Form will be filed in C04 AO and RK files until the end of the accounting period. After verification that the refund posted, the documents may be discarded.

7613 ACTION AT END OF THE ACCOUNTING PERIOD

Every attempt should be made to get a refund check before the end of the accounting period. At the end of the accounting period, if a refund check has not been received, the dollar value of the returned items ROM will list the items as part of the "book inventory. The Sales Officer will ensure that the items listed on the expenditure form are listed as part of the inventory or scanned into the actual inventory.

BLANK

CHAPTER 8 - SHIPS STORE PROFITS

PART A: DESCRIPTION AND AUTHORIZATION.....	8-3
8000 SHIPS STORE PROFITS, NAVY	8-3
8001 SHIPS STORE PROFITS, NAVY GENERAL FUND	8-3
8002 ALLOTMENTS UNDER SHIPS STORES, PROFITS, NAVY	8-3
8003 PROFITS ALLOWED	8-4
PART B: PROCUREMENT OF FUNDS.....	8-5
8100 SHIPS STORE PROFITS	8-5
8101 CONTRIBUTIONS AND SERVICE CHARGES	8-5
8102 LOANS AND NONREIMBURSABLE GRANTS	8-5
PART C: CHARGES AGAINST SHIPS STORE PROFITS	8-7
8200 GENERAL INFORMATION	8-7
8201 GENERAL FUND ASSESSMENT	8-7
8202 LOSS OR DAMAGE OF PERSONAL CLOTHING	8-7
8204 REPAYMENT OF LOANS	8-11
8205 TRANSFERS TO THE RECREATION FUND	8-11
PART D: TRANSFER OF SHIPS STORE PROFITS TO THE RECREATION FUND	8-13
8300 LIABILITIES ASSUMED, ANTICIPATED EXPENSES AND PAYMENT OF PROFITS.....	8-13
8301 PREPARATION AND DISTRIBUTION OF STANDARD FORM 1034	8-13
8302 WHEN THE SHIPS STORE OFFICER IS ALSO THE DISBURSING OFFICER.....	8-15
8303 WHEN THE SHIPS STORE OFFICER IS NOT ALSO THE DISBURSING OFFICER.....	8-15
8304 TRANSFER OF SHIPS STORE PROFITS BEFORE THE END OF THE ACCOUNTING PERIOD.....	8-15
8305 RECREATION FUND	8-15

BLANK

CHAPTER 8 - SHIPS STORE PROFITS

PART A: DESCRIPTION AND AUTHORIZATION

8000 SHIPS STORE PROFITS, NAVY

Ships Store Profits, Navy is a trust fund carried on the books of the Treasury Department. Monies in this account accrue from sales in ships stores.

8001 SHIPS STORE PROFITS, NAVY GENERAL FUND

Ships Store Profits, Navy, General Fund is maintained by the Naval Supply Systems Command. Monies for the General Fund accrue from the following sources:

- Assessment on the cash received from retail sales by individual stores (see para 8201)
- Balance of ships store profits remaining after the loss or decommissioning of a ship.

8002 ALLOTMENTS UNDER SHIPS STORES, PROFITS, NAVY

1. OPEN ALLOTMENT. An open allotment under Ships Store Profits, Navy, has been assigned for the following:
 - a. Authorized expenses of ships stores.
 - b. A reserve for markdowns and surveys incurred in the normal course of business.
 - c. Payment of ships store profits to the commanding officer for the recreation of the crew.
2. GENERAL FUND. The Naval Supply Systems Command has authorized the Navy Exchange Service Command to charge Ships Store Profits, Navy, General Fund for the following:
 - Purchases of vending machines, coin changers, coin counters/sorters and dollar bill changers
 - Markdowns if the profits of the individual ships store are not adequate to absorb the cost of the material marked down
 - Loans and Non-reimbursable Grants
 - Improvements to ships store facilities
 - Disbursement to the Chief of Naval Personnel for the recreation of naval personnel in accordance with the provisions of 10 U.S. Code 7604
 - Reimbursement to Navy exchanges for losses suffered in transactions in which Navy exchanges have purchased merchandise from ships stores upon disestablishment of the ships store, such as losses due to deterioration, hidden damage, or short pack (Each case will be decided on its own merit.)

- Travel and miscellaneous expenditures for Navy Exchange Service Command, Fleet Assistance Team and fleet personnel to support ships store personnel
- Cost for catalogs, printing and display materials/assistance utilized by ships stores afloat in the conduct of business

8003 PROFITS ALLOWED

1. Earnings from sales after subtracting the cost of goods, shall be limited to:
 - Retail Store. A maximum of 20%
 - Drink Vending Machines. A maximum of 55%
2. Profits obtained from the following operations are authorized.
 - Armed Forces Exchange Catalog rebates
 - Navy Exchange Concession operations rebate
 - Contributions to ships store profit
 - Other commission or rebate operations as approved by Navy Exchange Service Command
3. Formulas to compute the percent of earnings from sales. The following formulas will be used to determine earnings from sales. All captions will be obtained from the Ships Store Balance Sheet and Profit and Loss Statement, NAVCOMPT Form 153.
 - a. Retail Store. Retail sales (line CO2) minus cost of sales retail (line B21), divided by retail sales (line CO2) equals percent of earnings from retail sales.
 - b. Drink Vending Machine. Drink vending machine sales (line CO3) minus cost of sales (line B25) divided by drink vending machine sales (line CO3) equals percent of earnings from drink vending sales.

PART B: PROCUREMENT OF FUNDS

8100 SHIPS STORE PROFITS

The profits from sales in the ships store are the basic source of funds available to the commanding officer for the ship's recreation fund. Recreation funds are available for expenditures for specific purposes under the regulations prescribed in the Special Services Manual (BUPERSINST 1710.11). Profits generated by the ship during an accounting period will be transferred under para 8300-8305.

8101 CONTRIBUTIONS AND SERVICE CHARGES

1. Contributions and service charges are not operating profits and will not be included in the amount taken up as cash received from sales in the ships store. Contributions and service charges will be added to the individual ship's profits. The following will not be included as cash received from sales when computing the General Fund assessment:
 - Cash collected from drink vending machines
 - Cash collected from amusement machines
 - Rebates for purchases from the Exchange Mail Order Catalog
 - Contributions to ships store profits

8102 LOANS AND NONREIMBURSABLE GRANTS

1. LOANS
 - a. General. A ships store may request a loan to cover the cost of the following:
 - Equipment (such as vending machines)
 - Modernization and improvement of ships store facilities
 - Operating losses

An official letter request will be submitted to the Navy Exchange Service Command stating the purpose of the loan. After approval, the Navy Exchange Service Command will charge the amount of the loan to the appropriation Ships Store Profits, Navy, General Fund. To reimburse the General Fund, the individual ships store will make payment from local profits. The Navy Exchange Service Command will provide repayment instructions. Normally, a ship is required to repay a loan in three accounting periods. Ships having a complement of less than 350 may request authority to repay a loan in five installments. Loans to cover the cost of modernizations may be requested for a period of up to a maximum of three years.

- b. Accounting. When a loan is approved, the amount of the loan will be entered as a one-time entry on line C05 on the NAVCOMPT Form 153 for the accounting period in which the loan is received. Loan repayments will be reported on line C20 of the NAVCOMPT Form 153. When a purchase using ships store profits has not been reported on a previous

NAVCOMPT Form 153 as a liability assumed, the amount of any loan received during the current accounting period to cover the costs of a purchase will be reported as a liability assumed (line C24A) until the purchase is reported on lines C13 or C18 as per paragraph 4222.3. ROM users can enter this information on the 153 form by accessing the Financial Accounting Menu. Select Loans Received/Loans Paid and enter the information.

2. GRANTS.

- a. New construction ships are authorized a non-reimbursable grant to cover the cost of equipment (such as vending machines). An official letter request will be submitted to the Navy Exchange Service Command stating the purpose of the grant. After approval the Navy Exchange Service Command will charge the amount of the grant to the appropriation Ships Store Profits, Navy, General Fund. When the grant is approved, the amount of the grant will be reported as one time entry on line C06 of the NAVCOMPT Form 153 at the end of the accounting period in which the grant is received.

All ships may request a non-reimbursable grant when alternative financial assistance is not suitable.

3. NAVCOMPT 153 ENTRY. The records keeper enters this information on the NAVCOMPT 153 by selecting the Financial Accounting Menu and choosing either "Grants to Ship" or "Loans s Received/Loans Paid" option.

PART C: CHARGES AGAINST SHIPS STORE PROFITS

8200 GENERAL INFORMATION

Ships store profits will not be obligated unless funds are available to cover the expenditure. This includes all purchases made using Ships Store Profits, Navy as listed in para 4220. The charges authorized in para 8201-8204 will be applied against ships store profit before any profits are transferred to the recreation fund. The charges in para 8201-8203 will be applied first followed by those in para 8204.

8201 GENERAL FUND ASSESSMENT

1. COMPUTATION. The General Fund assessment for a ship will be computed as a percentage of all cash register collections. The General Fund assessment will be computed on the Form 153 by multiplying line CO2 by the applicable percentage in subparagraph 3. The amount of the assessment will be entered on line C14. The ROM system will automatically compute and post the General Fund assessment for the Chief of Naval Personnel and Navy Exchange Service Command (Ships Stores) using the data entered in the Ships Constants file.
2. ITEMS NOT INCLUDED IN COMPUTATION. The following will not be included in the General Fund assessment:
 - Cash from drink vending machine sales
 - Cash from amusement machine sales
 - Rebates from exchange catalog sales
 - Contributions to ships store profits
3. RATE OF ASSESSMENT. The General Fund is derived in part from an assessment of the cash received from retail sales from individual ships stores in accordance with the following tables:

Billets Authorized	BUPERS Percentage	NEXCOM Percentage
Above 1,500	5.0%	.5%
500-1,500 persons	4.5%	.5%
Under 500 persons	.0%	.5%

Of the total assessment received from all ships, an amount equal to ½ of 1% of retail sales is allocated to Ships Store Profits, Navy, General Fund. The balance is disbursed to the Chief of Naval Personnel for the recreation of naval personnel. Billets authorized should be taken from the manpower authorization document OPNAV 1000/2 for enlisted and officers. Sales Officer should check to ensure that the correct are entered on line C14 of the NAVCOMPT Form 153.

8202 LOSS OR DAMAGE OF PERSONAL CLOTHING

1. AUTHORITY FOR REIMBURSEMENT. When losses of or damage to personal uniform clothing occur through the operation of the laundry or dry cleaning facility a claim for reimbursement may be submitted to the commanding officer or his designated representative via the ships store officer.

2. AMOUNTS TO BE PAID. The amounts to be paid as reimbursement for loss or damage to personal uniform clothing will be determined by the commanding officer or his designated representative. The amount certified for payment will be based on the following factors:
- Acquisition cost
 - Current market value
 - Length of time the item has been in use
 - Whether or not the item is repairable, if damaged.
3. CALCULATION OF CLAIMS ADJUSTMENT VALUE. The following table will be used as a guide in determining the claim value of personal clothing:

Life Expectancy Rating of Article			Adjustment Values		
Two Years	Four Years	Percentage of Replacement Cost Condition of Clothing			
Age of Article in Months		Excellent	Average	Poor	
0-4	0-4	100%	100%	100%	
5-7	5-13	75%	75%	60%	
8-13	14-25	70%	60%	45%	
14-19	26-37	50%	40%	30%	
20-25	38-49	30%	20%	15%	
26 months and older	50 months and older	20%	15%	10%	

4. USE OF TABLE

- a. Procedure. The steps outlined in subparagraphs b-e will be used to calculate the claim value of the clothing.
- b. Life Expectancy of Article. Determine the life expectancy rating for the article. Basically the life expectancy ratings are:
- All washable clothing 2 years
 - Dry clean only clothing 4 years
- c. Age of Article. Determine the age of the article from the owner. Then, read down the table under the applicable "Life Expectancy Rating" column to the age of the article.
- d. Condition of Article. Determine the condition of the article either from examination or from a statement from the owner. Three levels of condition are defined in relation to the amount of use and care the article has had:
- (1) Excellent condition: having the appearance of an exceptionally well-cared-for article
 - (2) Average condition: having the appearance expected of an article, which has had reasonable use, considering its age
 - (3) Poor condition: having the appearance of extensive use but not of abuse.

- e. **Determination of Value.** To determine the claim value of the article, use the following formula: the cost of a new replacement article of comparable quality times the percentage listed on the chart under the applicable columns of age and condition of the clothing equals the claim value.

Example:	summer white shirt
replacement cost:	\$9.75
life expectancy:	2 years
actual age:	11 months
condition:	average
claim value:	$\$9.75 \times 60\% = \5.85

Articles which can be repaired satisfactorily for the customer will be deleted from claims and the repairs will be made without charge.

5. **PROCEDURE FOR HANDLING CLAIMS.** The Commanding Officer has the authority to approve claims or he may delegate this authority to the Supply Officer. A locally prepared Claim for Loss or Damage of Personal Clothing will be used to process claims. (An example is provided on page 8-10). An original and two copies of the claim form will be prepared by the claimant and forwarded to the approving official via the ships store officer. After approval, the claimant will present all copies of the claim form to the distributing officer for payment. For cash payments, the disbursing officer will obtain the payee's signature on the claim forms under the space headed "Paid by cash." The disbursing officer will prepare a Voucher for Purchases and Services Other Than Personal (Standard Form 1034) to pay the claim. After paying the claim, the disbursing officer will furnish the ships store officer one copy of the claim form and two copies of the Standard Form 1034. The forms will be distributed by the ships store officer as follows:
- One copy of the Standard Form 1034 filed in the C-13 sub A file Laundry Claims and submitted with the ships store returns at the end of the accounting period
 - One copy of the Standard Form 1034 and the copy of the claim form filed in the C13 sub B file and later filed with the retained returns.

CLAIM FOR LOSS OR DAMAGE OF PERSONAL CLOTHING

USS _____

DATE _____

I, _____, _____ USN

(FULL NAME) (RANK/GRADE)

certify that the following articles of personal clothing were lost or damaged (circle one) in the ships store for which reimbursement is claimed as per NAVSUP Pub 487, par 8202:

Description of Articles	Quantity	Original Purchase Cost	Numbers of months in Use	Claim Value

TOTAL CLAIMED _____

Signature of Claimant

It is a violation of the UCMJ to file false claims and disciplinary action may be taken

This claim has been investigated and the loss or damage has/has not been established.
Reimbursement in the amount of \$ _____ is recommended. This expense is chargeable to Ships Store Profits, Navy (17X8723.2301 75400).

Signature of Ships Store Officer

The disbursing officer is directed to reimburse the claimant in the amount of ____ dollars and ____ cents. The expenditure of Ships Store Profits, Navy authorized is considered necessary or desirable for the morale of the personnel under my command.

Signature of Approving Official

Paid in cash \$ _____ on _____
Amount Date Signature of Payee

Distribution: Original: Disbursing returns
Duplicate: Disbursing files
Triplicate: Ships store retained returns

6. ACCOUNTING FOR CLAIMS. At the end of the accounting period, the amount of laundry claims will be entered on line C13 of the Ships Store Profit and Loss Statement (NAVCOMPT Form 153). ROM users will include the amount of laundry claims in the total entered on line C13 in the ROM Reports function.

8204 REPAYMENT OF LOANS

Loans received from the General Fund will be repaid out of the profits remaining after the expenditures authorized in para 8102(3b). The amounts repaid for each accounting period will follow the instructions furnished by the Navy Exchange Service Command in the letter authorizing the loan.

8205 TRANSFERS TO THE RECREATION FUND

Ships store profits remaining after the expenditures authorized in para 8201-8204 has been made, will be transferred to the recreation fund following para 8300-8305.

BLANK

PART D: TRANSFER OF SHIPS STORE PROFITS TO THE RECREATION FUND

8300 LIABILITIES ASSUMED, ANTICIPATED EXPENSES AND PAYMENT OF PROFITS

1. LIABILITIES ASSUMED. All liabilities assumed by the ships store will be applied against ships store profits before any profits are transferred to the recreation fund. Liabilities assumed will be entered on line C24A of the Ships Store Balance Sheet and Profit and Loss Statement (NAVCOMPT Form 153). Liabilities assumed include:
 - a. All purchases using ships store profits for which materials or services or substantiating documentation (Abstract Data Report) have not been received. (See para 4222.)
 - b. When a loan has been received to cover the cost of a purchase using ships store profits and the purchase has not been previously reported on the NAVCOMPT Form 153, the amount of the loan only will be reported on line CO5 and as a liability assumed (line C24A) until the materials, services and substantiating documentation (Abstract Data Report) have been received. (See para 8102-1)

After the material/services and substantiating documentation have been received, the amount of the purchase is no longer a liability assumed. The amount will be deleted from line C24A and reported as completed on line C13 or C18, as applicable. When more than one purchase is involved, only the purchase for material or services not received will be entered on line C24A.

2. ANTICIPATED EXPENSES. Anticipated expenses by the ships store will be applied against ships store profits before any profits are transferred to the recreation fund. Anticipated expenses include markdowns, markdowns below cost, markdowns to zero, surveys and other operating losses. When such expenses are anticipated during the next accounting period, the amount will be entered on line C24A of the NAVCOMPT Form 153.
3. PAYMENT OF PROFITS. Payment of the entire amount of the net profit to the recreation fund is not mandatory. Full payment will not be made when funds are required to cover anticipated expenses and liabilities assumed. Only the amount reported on line C24B the NAVCOMPT Form 153 will be paid to the recreation fund. This payment will be disbursed to the recreation fund within 15 days following submission of the returns.

8301 PREPARATION AND DISTRIBUTION OF STANDARD FORM 1034

1. PREPARATION. The ships store officer will prepare a Public Voucher for Purchases and Services Other Than Personal (Standard Form 1034) covering the amount of ship store profits to be transferred to the recreation fund. The Standard Form 1034 will be prepared as follows:

<u>Data Block and Caption</u>	<u>Instructions for Entry</u>
Voucher Number	Assigned by disbursing officer
U.S. Department, Bureau or	Enter the UIC, name, hull Location number establishment and FPO address of ship
Date Voucher Prepared	Enter the date Standard Form 1034 is prepared
Paid By	Disbursing officer symbol and date
Payee's Name and Address	Enter "Recreation Fund" and the name, hull number and FPO address of ship
Articles or Services	Enter "Disbursement of Ships Store Profits to Recreation Fund" and the amount to be transferred.

Then enter *"The expenditure authorized here considered necessary (or desirable) for the recreation and amusement of the personnel under my command."*

Commanding Officer's Signature

Payment	Check Final block.
Approved By	Enter name, rank and signature of the ships store officer.
Accounting Data	
Appropriation	17X8723
Subhead	2301
Object Class	026
Bureau Control No.	10001
Sub-Allot.	0
Auth. Acct. Act.	065872
Trans. Type	2I
Prop. Acct. Act.	Enter the ship's service designator and UIC
Cost Code	12 digits consisting of one 0, service designator "V or R", UIC, 75400. (Example 0V1234575400)
Certified	Enter name, rank and signature of the disbursing officer.

2. PROCESSING STANDARD FORM 1034. The Standard Form 1034 will be forwarded to the commanding officer with a copy of the Ships Store Balance Sheet and Profit and Loss Statement (NAVCOMPT Form 153). The Standard Form 1034 will be signed by the commanding officer and then forwarded to the disbursing officer for payment.
3. DISTRIBUTION OF STANDARD FORM 1034. After the disbursing officer has made payment of the ships store profits to the recreation fund, the ships store officer will obtain two copies of the completed Standard Form 1034. The Standard Form 1034 will be distributed by the ships store officer as follows:
 - One copy to the C22 A file Funds Transferred to Recreation fund and later submitted with the ships store returns
 - One copy to the C22 B file and later included in the retained returns

8302 WHEN THE SHIPS STORE OFFICER IS ALSO THE DISBURSING OFFICER

When the ships store officer is also the disbursing officer, the ships store officer will prepare and process the Standard Form 1034 following para 8301. The Standard Form 1034 will then be paid by the disbursing officer who is also the ships store officer.

8303 WHEN THE SHIPS STORE OFFICER IS NOT ALSO THE DISBURSING OFFICER

When the ships store officer is not also the disbursing officer, the ships store officer will prepare a Standard Form 1034. The ships store officer will then forward the Standard Form 1034 to the disbursing officer for payment. In no case will the ships store officer, who is not also the disbursing officer, make disbursement of funds to the recreation fund.

8304 TRANSFER OF SHIPS STORE PROFITS BEFORE THE END OF THE ACCOUNTING PERIOD

During an accounting period, if it is necessary to transfer ships store profits to the recreation fund a ship must submit a letter request to NEXCOM, copy to Type Commander and DFAS OPLOC. The letter should show as separate line items the total monthly collections to date for the retail, drink vending operations and anticipated expenses. NEXCOM will respond via Naval Message with information copy to the Type Commander and DFAS. Upon approval of the transfer, the Sales Officer should enter the amount transferred in ROM and process the transfer.

8305 RECREATION FUND

After ships store profits have been transferred, these monies become the recreation fund. The commanding officer is responsible for the administration of the recreation fund.

BLANK

CHAPTER 9 - RETURNS

PART A: INVENTORY PROCEDURES	9-3
SECTION I: PHYSICAL INVENTORY	9-3
9000 GENERAL INFORMATION	9-3
9001 SPOT INVENTORIES	9-4
9002 ASSIGNMENTS OF PERSONNEL TO INVENTORY TEAMS	9-4
9003 MULTIPLE INVENTORY TEAMS	9-5
9004 PRELIMINARY PREPARATIONS	9-5
9005 INVENTORY COUNT SHEET	9-6
9006 COUNTING AND RECORDING	9-6
9008 ACTIONS AFTER THE INVENTORY	9-7
9009 DISTRIBUTION OF INVENTORY COUNT SHEETS	9-8
9010 BALANCING A POINT OF SALE OUTLET	9-8
9011 BALANCING A NON-POINT OF SALE OUTLET	9-8
9013 BALANCING THE OPERATION	9-8
PART B: CLOSEOUT OF RECORDS	9-9
9100 CLOSEOUT OF STOCK RECORD CARDS	9-9
9101 PROFITABILITY REPORTS	9-9
9102 GAINS AND LOSSES	9-9
PART C: RETURNS REQUIRED	9-13
9200 PURPOSE OF RETURNS	9-13
9201 TYPES OF RETURNS	9-13
9202 DELAY AND DELINQUENCY IN SUBMITTING RETURNS	9-14
9203 INSTRUCTIONS FOR FORWARDING RETURNS	9-14
9204 DOCUMENTS FORWARDED AFTER RETURNS HAVE BEEN SUBMITTED	9-15
9205 COPY OF RETURNS FOR NAVY SUPPLY CORPS SCHOOL	9-15
PART D: SHIPS STORE BALANCE SHEET AND PROFIT AND LOSS STATEMENT	9-17
SECTION I: GENERAL INFORMATION	9-17
9300 GENERAL	9-17
9301 AUTHORIZED INVENTORY	9-17
SECTION II: BALANCE SHEET	9-19
9310 RECEIPTS SECTION	9-19
9311 EXPENDITURES SECTION	9-19
SECTION III: PROFIT AND LOSS STATEMENT	9-23
9320 RECEIPT SECTION	9-23
9321 EXPENDITURE SECTION	9-24
9322 PROFIT COMPUTATION	9-26

SECTION IV: COMPLETING FORM 153	9-27
9330 INFORMATION TO BE ATTACHED TO FORM 153	9-27
9331 DISTRIBUTION.....	9-27
PART E: SUBSTANTIATION OF SHIPS STORE RETURNS AND RETAINED RETURNS ..9-29	
9400 GENERAL INFORMATION	9-29
9401 MAKE-UP OF RETURNS	9-29
9402 ARRANGEMENT OF RETURNS	9-29
9403 SUBSTANTIATING REPORTS.....	9-29
9404 SUBSTANTIATION OF RETURNS AND RETAINED RETURNS.....	9-29
PART F: RELIEF OF SHIPS STORE OFFICER.....	9-33
9500 INVENTORY	9-33
9501 RETURNS	9-33
9502 DISPOSITION OF RECORDS AND FILES.....	9-34

CHAPTER 9 - RETURNS

PART A: INVENTORY PROCEDURES

SECTION I: PHYSICAL INVENTORY

9000 GENERAL INFORMATION

1. DEFINITION AND PURPOSE. A physical inventory is a process of identifying, counting and evaluating all stock on hand at a specified time. In a ships store, a physical inventory is taken for the following purposes:
 - a. Determine the quantity of the stock on hand so the required financial reports can be prepared
 - b. Check on the accuracy of stock records and to adjust any differences that may exist between the stock records and the stock on hand
 - c. Determine the dollar value of stock shortage due to pilferage or other losses not reflected on stock records
 - d. Identify stock shortages and overages and to determine financial liability
 - e. Serve as a management tool for stock control.
2. APPLICABILITY. The procedures in this section apply to all ships stores. All items of ships store stock will be included on the inventory. Cost of operations items on hand in activities other than the bulk storeroom will be excluded. (These include consumable supplies for the retail store and repair parts for vending machines.)
3. WHEN TAKEN. A physical inventory will be taken as follows:
 - a. An itemized inventory of all ships store stock will be taken at the end of each accounting period sometime during the last week of business.
 - b. An itemized inventory of all ships store stock will be taken upon relief of the ships store officer.
 - c. When a responsible custodian is being relieved, an itemized inventory of all ship store stock will be taken in that specific location.
 - d. Upon evidence of an unauthorized entry into a group three space, an itemized inventory of all ship store stock will be conducted on that space to determine if theft has occurred.
 - e. An itemized inventory will be taken for ships with excessive inventory differences as set forth in para. 9102-3, when directed by the Navy Exchange Service Command or type commander.

- f. At any other time when directed by the type commander, NEXCOM, commanding officer supply officer or ships store officer.

9001 SPOT INVENTORIES

1. WHEN TAKEN. The ships store officer will conduct spot inventories of ships store stock in the bulk storeroom and at the retail outlets at unannounced times during the course of the fiscal year. Mandatory each week, 5% of stock,. (When feasible, spot inventories will be taken after each breakout or issue.) In addition, spot inventories must be taken for each bulk storeroom issue refusal or quantity difference.
2. RECORDSKEEPING
 - a. Adjustments to the Stock Records as a result of spot inventories will be made as required. Gains and losses discovered will be posted to the stock record card once the differences have been investigated and the inventory is confirmed in the ROM system. The inventory discrepancy report listing all gains and losses resulting from a spot inventory will be filed with the corresponding inventory count sheet. The list will indicate the corrective action taken and will be filed in the ships store officers accountability file (ACCOUNTABILITY FILE).
 - b. Accounting for Gains or Losses. Gains or losses will be posted to the Form 153 line B14 upon confirmation of the inventory count sheet.

9002 ASSIGNMENTS OF PERSONNEL TO INVENTORY TEAMS

1. The ships store officer is responsible for a complete and accurate inventory. In order to accomplish this objective, a hand held scanning device (PDT) or a hard copy of a inventory count sheet when a PDT is not available will be used to count all ships store stock present in the space. Each scanner must have a bar code listing with them showing each item's stock number and bar code. This list will be used to input information for any item that does not scan. The inventory count team will consist of the sales officer or designated representative (This should be an SH2 or above) and one other enlisted person. The records keeper will not be assigned to an inventory team at any time, however the responsible custodian should be present during the inventory.
2. Responsibilities of the Inventory Team:
 - a. Counter. The person assigned to count the items will:
 - (1) Verify the barcode on the box matches the description of the contents.
 - (2) Ensure each open case is counted individually. Manufacturer sealed cases count is acceptable.
 - b. Scanner. The person assigned to scan will:

- (1) Scan the barcode of each item or ship generated barcode on a case if unopened. If the UPC is not found, the scanner will enter the stock number into the PDT either manually or by scanning the ROM bar code label.
- (2) Record the quantity provided by the counter.
- (3) Provide quality control over the counter to ensure the best "first count" is made.

9003 MULTIPLE INVENTORY TEAMS

1. Multiple Outlets.

When a ships store has numerous sales outlets and bulk storerooms, an inventory may be taken by multiple teams. The ships store officer will determine the number of teams. The ships store officer will be the inventory supervisor. Each inventory team will be made up of one enlisted person in a supply rating E5 or above and one other enlisted person.

2. Single Outlets.

The Sales Officer normally will assign one inventory team (counter and recorder) to an accountable space. To expedite the counting of material, the sales officer may assign more than one team. Care must be taken to ensure the teams do not count the same areas.

9004 PRELIMINARY PREPARATIONS

1. LOCAL INSTRUCTIONS. Since each ship store differs in size, volume, layout, etc., it is necessary that specific instructions be developed locally based on the general instructions in this section. Locally prepared inventory plan will be distributed to personnel well in advance of the inventory and will cover such topics as assignment of personnel, cut-off time, stock arrangement, counting, and recording (see para. 1105). The ships store officer may schedule indoctrination periods as required to make certain that inventory procedures are clearly understood by all personnel.
2. LAYOUT SKETCH. To ensure accurate and expeditious inventory taken in sale outlets and bulk storerooms, layout sketches are helpful to show each fixture, bin shelf, showcase, etc.
3. INVENTORY PATTERN. Inventory patterns should be planned before the actual inventory count. For example, an inventory of a space should start on the left and work to the right, top to bottom of each section of the space. The layout sketches will help in establishing an inventory pattern.
4. ENTRIES ON RECORDS. Before the inventory, the ships store officer must verify that all receipt and expenditure documents and Intra-Store Transfer Data Forms 973 have been confirmed.

5. STOCK

- a. Arrangement. Merchandise in each retail store and bulk storeroom will be sorted and be labeled with the appropriate barcode to facilitate counting.
- b. Empty Cartons Empty cartons will be removed from the selling floor and storerooms, so they will not be included in the inventory.
- c. Open Cases. The contents of cases, boxes and containers from which items have been removed will always be counted. Under no circumstances will markings on the outside of previously opened containers be accepted in place of a unit count.
- d. Non Point-of-Sale Activities. All snack vending, canned drink vending and non register retail outlets must break-back all on hand quantities of stock to the bulk storeroom prior to inventorying bulk and calculating the profitability of the that non point of sale outlet. Note that the items in these locations do not have to be physically removed, but the paperwork must be processed and posted accordingly.

6. PDT Preparations.

- a. PDT batteries are charged in advance of inventory.
- b. Current UPC upload is conducted.

9005 INVENTORY COUNT SHEET

1. GENERAL. The PDT (Portable Data Terminal) will be used to record inventories. In the event that the PDT is damaged or not available, the Inventory Count Sheet can be used, however the Inventory Count Sheets will not be in the order stock is arranged.
 - a. PDT Procedures. Prior to conducting an Inventory, it is necessary to generate an inventory count sheet.. The back office requires this process to facilitate the downloading of inventory data from the PDT to the appropriate store/storerooms. An inventory count sheet will be created at the back office for each store/storeroom to be inventoried. Users will create an inventory count sheet in the ROM inventory functions. (Refer to the instructions in the ROM Users Guide.)
 - b. Manual Procedures (Without PDT). There is no Prelist function in ROM. The list is printed out by location.

9006 COUNTING AND RECORDING

1. General. Each sales outlet operator and bulk storeroom custodian should be present when their space is inventoried. Stock will not be moved from one space to another before completing the inventory. When the inventory is in process, breakouts, issues, sales and transfers of stock will only be made if an emergency exists. When an emergency transaction occurs, the inventory will be adjusted accordingly after the inventory has been posted. During the inventory, when the

actual counts are not in progress, the ship's store officer will secure the spaces by replacing the locks and attaching a numbered car seal in the presence of the responsible custodian. Car seals are not required to be placed on vending machines in the Sales Office has custody of the machine keys to prevent unauthorized entry. The car seal number will be recorded in the Car Seal Number Log.

- a. PDT Procedures. During the inventory, one person will count and one will record the quantities via the PDT using the methods described in para. 9002 and 9004. Errors entering quantities can only be corrected at the back office by the records keeper once the inventory has been down loaded.
 - b. Manual Procedures (Without PDT). Inventory count sheet is printed out. One person will count and the one will record the quantities to the inventory count sheet using the method described in para 9002 and 9004. All corrections will be made in ink with both individuals initialing the correction. Once the inventory has been completed, the records keeper will enter the quantities to the back office system.
2. Inventorying outstanding material returned to vendors for credit memorandums and cash refunds:
 - a. All credit memorandums for which an invoice from the vendor has not been confirmed.
 - b. All material returned to vendor for cash refund for which a refund check has not been received:

Will be inventoried as part of the bulk storeroom. Each item will have a barcode label generated and attached to the appropriate document. The item will be scanned and the quantity entered by the bulk inventory team via PDT. If the PDT is not available, the appropriate entries will be made to the inventory count sheet at the back office.
 3. Inventorying "Break-backs" from Non-POS Activities. Because any stock broken out to a Non-EPOS selling location is considered "sold", it is necessary to move the inventory back into bulk to account for both what was sold and what was not sold. These activities are required to conduct break-backs of all inventory on hand prior to inventorying these outlets or closing out, however these items are generally never physically removed from the space.
 4. Inventory teams will take the following actions stated in Chapter 6, para 61003 (6) to account for the stock in non-EPOS locations.

9008 ACTIONS AFTER THE INVENTORY

Upon completion of the inventory the physical counts will be entered into the ROM inventory function manually or via the PDT download. The inventory count sheet previously created will be updated with the inventory. Only personnel designated by the ship store officer will perform this function. These sheets will remain unconfirmed until

quantities are validated by the sales officer. Upon completion of the download of the physical inventory entries, the Inventory Discrepancy Report will be printed (Refer to the ROM Users Guide). The ship store officer will assign a team to verify any discrepancies that the ROM system generates. Any corrections will be made to the applicable location's inventory count sheet at this time. An Inventory Discrepancy Report will be generated after each series of corrections are made. This process will continue until the sales officer is confident that an "Accurate Inventory Count" has been taken. Upon confirming the inventory, the stock record cards will be adjusted and any losses/gains will be observed on line B14 of the Form 153.

9009 DISTRIBUTION OF INVENTORY COUNT SHEETS

After the inventory, the ROM system will print the Inventory Count Sheets for the space desired. The sales officer will file the count sheets in the accountability file (AO B28). Additional copies may be provided to accountable custodian but are not required.

9010 BALANCING A POINT OF SALE OUTLET

In order to obtain an accurate balance of a POS outlet, the gain or loss of money and inventory must be counted. Any store variances are shown on the "Back of 153 Report". If the amount of the difference exceeds \$750 or 1% of cash sales, whichever is greater, see para 9102.

9011 BALANCING A NON-POINT OF SALE OUTLET

All merchandise located in these outlets will be broken back to bulk and all cash collected posted to the ROM system. Any store variances are shown on the "Back of 153 Report". If the amount of the difference exceeds \$750 or 1% of total sales whichever is greater, see para 9102.

9013 BALANCING THE OPERATION

Once inventories have been confirmed, the ROM system automatically adjusts the new counts to the stock record cards and produces the "Back of the 153 Report" that shows total gain and loss by dollar and percentage. Any losses or gains will be indicated on line B14 and ultimately absorbed as an operating expense line C12 of the 153 Form. If the amount of the difference exceeds \$750 or 1% of sales, whichever is greater, see para 9102.

PART B: CLOSEOUT OF RECORDS

9100 CLOSEOUT OF STOCK RECORD CARDS

GENERAL. Stock Record Card Quantities on Hand, receipts and expenditures are immediately adjusted upon confirmation of inventory. Upon close out, the ending inventory becomes the new beginning inventory. Any differences will be reflected on line B14 of 153 Form and will be examined by the ships store officer (Inventory Discrepancy reports are produced to aid the sales officer in identifying discrepancies). All stock card information is refreshed at this point.

9101 PROFITABILITY REPORTS

The ROM system will automatically compute the amount of the gross profit generated by the location based on sales. To determine the actual gross profit for the location the report shows the gross profit based on a comparison of what was sold and money collected.

9102 GAINS AND LOSSES

1. GAINS OR LOSSES. Gains or losses are identified after completing an inventory and updating the stock records card. The amount of this difference determines whether adequate controls are in place and if a more detailed inventory is required.
2. EXCESSIVE DIFFERENCES. An excessive difference exists when the total inventory dollar value difference shown on "Back of 153 Report" is \$750 or 1% of total sales, whichever is greater. An excessive difference may be identified for an individual outlet which indicates a failure to observe proper receipt or breakout procedures. Unresolved differences may cause the entire operation to be excessive.
3. ACTION
 - a. General. If an excessive difference appears to exist upon closeout of the entire ships store operation at the end of an accounting period or upon relief of the sales officer notify the supply department head, secure all accountable spaces and place seals on them until the difference is resolved. Take action identified as follows:
 - (1) If an individual sales outlet is closed out at other than the end of an accounting period and an excessive difference is discovered:
 - (a) The Supply Department Head will be notified and a physical inventory of the total ships store operation will be conducted.
 - (b) All accountable spaces will be secured and seals will be placed on them until resolution.

- (c) The entire ships store operation will be balanced to determine whether or not the difference causes an excessive difference for the entire ships store operation. If the difference in the individual sales outlet or bulk storeroom does not cause an excessive difference for the entire ships store operation, tighter management controls are necessary. No further action is required.
 - (d) If after the total ships operation is balanced and closed and an excessive difference exists, action will be taken as per subpara b-c.
- 2. Computations Verified. All mathematical computations will be verified. The following is a list of the most common discrepancies that should be reviewed:
 - (a) Sales outlets
 - Failure to record receipt of cash
 - Check profitability reports
 - Errors in or failure to check quantities against the 973 Form.
 - Check confirmed 973s
 - Errors in taking physical inventory, such as quantity
 - Check discrepancy report
 - Errors may be caused by improper arrangement of stock, which makes the inventory count difficult to take
 - Check discrepancy report
 - Lack of security measures to prevent pilferage of merchandise
 - Merchandise is sent directly into a sales outlet without a breakout document, or breakouts from the bulk storeroom, without completing the proper documents
 - Check for negative sales numbers without offsetting numbers in bulk
 - Lack of an organized training program and proper supervision of personnel
 - (b) Bulk Storeroom
 - Errors in checking receipts against the receiving document
 - Moving merchandise to sales outlets and service activities without using a Form 973
 - Lack of proper security measures to prevent pilferage of merchandise
 - Errors in taking physical inventories
 - (c) Ships Store Office
 - Errors in recording receipt and expenditure documents and price changes
 - Failure to include unliquidated credit memorandums, or other documents held in lieu of physical inventory

(d) Inventory Accuracy.

- Verify the accuracy of the closing inventory.
- Properly investigate items from variance report.
- If the above review uncovers errors which eliminate the excessive difference and reveals no indication of theft or fraud, no report is needed.

3. Informal Investigation. If the actions taken above do not correct the excessive difference, the commanding officer will be notified immediately. The commanding officer will direct an informal examination of the loss. The examination will include:

- (a) Verifying that the procedural steps in paragraph b above were correctly accomplished.
- (b) Determining the dollar value of the loss based on the inventory, and variance report

If the informal examination determines that no excessive difference exists, no further action is necessary. If theft or fraud is discovered during the examination follow the procedures in paragraph 1206.

4. Excessive Loss Resolution. If the excessive difference is not corrected, the following action will be taken:

- (a) Request assistance from the type commander or local NEXCOM Fleet Assistance Team.
- (b) Reestablish accountability, reopen spaces for business.
- (c) Take disciplinary action IAW UCMJ, if appropriate.
- (d) If theft or fraud is discovered, follow the procedures of para1206-1 and 2.

5. Special Inventory Requirement. When directed by the Navy Exchange Service Command and with type commander concurrence, the entire ships store operation will be inventoried and balanced monthly for a minimum of four months to ensure that proper management techniques are being followed. The variance report and profitability report will be submitted to NEXCOM and the type commander at the end of each month.

6. **DISPROPORTIONATE DIFFERENCE.** A disproportionate difference exists when the total of the "Back of 153 Report" exceeds \$2250 or 3% of sales, whichever is greater.

- a. Procedures for reviewing a disproportionate difference will be the same as for an excessive difference. If the actions contained in paragraph 9102.3 do not resolve the disproportionate difference, the commanding officer will be notified immediately. The commanding officer will direct the placing of serialized seals on all ships store accountable spaces and

initiate an informal examination of the loss. The examination will include verifying that the procedural steps in paragraph 9102.3b were correctly accomplished and that the dollar value of the disproportionate difference is confirmed. If the informal examination determines that no disproportionate differences exist, but that an excessive difference does exist, reporting will be in accordance with paragraph 9102.3e. If the informal investigation determines that no difference, either disproportionate or excessive exists, no report is required.

- b. If a disproportionate difference is found to exist, the request assistance from the local type commander or NEXCOM Fleet Assistance Team. If the assistance visit does not resolve the disproportionate difference or an assistance visit is unable to be performed within a reasonable time:
 - (1) Establish a formal fact finding body in accordance with JAG Manual, paragraph 0909.
 - (2) Relieve the responsible individual when culpability on his or her part is indicated.
 - (3) Reopen applicable records. In the event of relief of accountable officer, records will be closed out and the relieved officer will submit returns.
 - (4) Reopen spaces for business.
- c. Reporting Requirements. A letter must be submitted to the type commander with copy to, Defense Finance Accounting Service, and NEXCOM. A copy of the Inventory Variance report will be enclosed. The letter will explain the possible causes and corrective action taken to prevent the disproportionate difference in the future. Submit any additional reports required by type commanders.

PART C: RETURNS REQUIRED

9200 PURPOSE OF RETURNS

1. Ships store returns serve the following purposes:
 - Establish accountability
 - Furnish operational information to the Navy Exchange Service Command / TYCOM
 - Establish the basis for the analysis, segregation and presentation of appropriation and cost accounting charges.

9201 TYPES OF RETURNS

1. GENERAL. The ships store officer will render returns on the Ships Store Balance Sheet and Profit and Loss Statement (Form 153) within 15 days following the end of the accounting period. Returns will be submitted to DFAS with substantiating documents. Prior to rendering returns, the ships store officer will ensure that all signed receipt and expenditure documents are reflected in the original returns and are balanced with the applicable lines of the Form 153. Non-receipt of documents required to support the returns should not delay submission of the returns (See para. 9204). Early submission of returns will assist DFAS in meeting schedules.
2. FOUR MONTH RETURNS
 - a. General. Ships store returns will be submitted by the ships store officer for four month periods ending 31 January, 31 May and 30 September. In addition upon relief of the ship store officer.
 - b. End of Fiscal Year Special Reporting Requirements. For the accounting period ending 30 September, the ships store will submit a message report to DFAS, info the Navy Exchange Service Command and TYCOM. The deadline for the message report is promulgated by DFAS Cleveland and is normally within the first week of October. NEXCOM will advise ship store officers by Naval Message and Ships Store Bulletin of the deadline. The report will be prepared from the balance sheet section of the Form 153 showing the dollar value for each line item as follows:

Receipt Captions

Line Number	Dollar Value
B01	Receipts from Purchase
B05	Transfers from OSO, Ships Store_
B08	Opening Inventory - Ships Stores
B09	Total Receipts

Expenditure Captions

B10 through B27A	(List separately)
B28	Closing Inventory
B30	Total Expenditures

3. MERGED RETURNS. Returns may be merged, if the total of the normal accounting period and the merged period does not exceed five consecutive months. Returns for a fractional period may be merged with the returns for the previous or subsequent accounting period (except for the 30 September accounting period) upon written authorization from the commanding officer. When returns are to be merged, copies of the commanding officer's letter will be forwarded immediately to:

- a. The type commander
- b. The Defense Finance and Accounting Service
- c. The Navy Exchange Service Command

The original letter will be included with the merged returns when submitted to the Defense Accounting and Finance Service. Returns may not be merged for the accounting period ending 30 September, without written approval from the Navy Exchange Service Command. A copy of the letter request to merge returns for the 30 September accounting period will be sent to the type commander and DFAS.

4. CORRECTIONS TO RETURNS. ROM does not allow any corrections to financial documents after the information has been "confirmed" by the responsible person. No corrected returns will be submitted to DFAS. Any corrections will be made to existing records in the current accounting period.

9202 DELAY AND DELINQUENCY IN SUBMITTING RETURNS

When returns cannot be submitted on or before the date required, a letter from the commanding officer explaining the reasons for the delay and the anticipated mailing date will be forwarded to the type commander. A copy of the letter will also be sent to Defense Finance and Accounting Service and the Navy Exchange Service Command.

9203 INSTRUCTIONS FOR FORWARDING RETURNS

1. PACKING INSTRUCTIONS. Returns will be packed unfolded and flat. If returns are no larger than an ordinary letter, heavy envelopes may be used.
2. ADDRESSING. In all cases, the following will be shown in the upper left corner of each package:

Ships Store Officer's Name
 UIC, Name and Hull Number of Ship
 "Ships store returns for the period ending _____ 19____."

If two or more packages are used, the number of the package and a brief description of the contents will also be shown.

3. SHIPMENT METHOD. Returns will be forwarded by first class mail for packages weighing 13 ounces or less, or Military Official Mail (MOM) for those weighing over 13 ounces to:

Service designator "V" and "R" ships:

Defense Finance and Accounting Service
Norfolk Operation Location Code AOFD
9712 Virginia Ave
Norfolk, VA 23511-3297

9204 DOCUMENTS FORWARDED AFTER RETURNS HAVE BEEN SUBMITTED

GENERAL. Documents received after returns have been submitted to the Defense Finance and Accounting Service will be forwarded as prescribed in para 9203 under a letter of transmittal. The documents will be labeled to indicate the accounting period to which they are applicable.

9205 COPY OF RETURNS FOR NAVY SUPPLY CORPS SCHOOL

In order to provide current training aids for students preparing for shipboard duty, one copy of the Ships Store Balance Sheet and Profit and Loss Statement (Form 153) for the accounting period ending 30 September will be forwarded via mail to the Navy Supply Corps School, Code 45, Athens, GA 30606-5000.

BLANK

PART D: SHIPS STORE BALANCE SHEET AND PROFIT AND LOSS STATEMENT

SECTION I: GENERAL INFORMATION

9300 GENERAL

An original and three copies of the Ships Store Balance Sheet and Profit and Loss Statement (Form 153) will be prepared at the end of each accounting period. ROM prepares the Form 153 on a daily basis based on data entered for each transaction. Information seen on the Form 153 is verified by reports and support documentation.

9301 AUTHORIZED INVENTORY

The "Authorized Inventory" will equal \$102 times the number of persons onboard the ship. For deployed ships, the dollar value is doubled.

BLANK

SECTION II: BALANCE SHEET

9310 RECEIPTS SECTION

1. LINE B01-RECEIPTS FROM PURCHASE Current Accounting Period. The total value of receipt from purchase as reported on the Journal of Receipts (Form 977). This figure should match the sum of the monthly transmittals of receipt documents. ROM will automatically enter this figure.
 - a. Merchandise received and reported as a receipt in the current accounting period. This includes dollar value of credit memorandums forwarded to DFAS.
 - b. Adjustments made to receipts that occurred in the current accounting period.
2. LINE B05-TRANSFERS FROM OTHER SUPPLY OFFICERS: The total value of receipts from other supply officer as reported on the Journal of Receipts (Form 977). This figure should match the sum of the monthly transmittals of receipt documents.
 - a. Merchandise received and reported as a receipt in the current accounting period.
 - b. Adjustments made to receipts that occurred in the current accounting period.
3. LINE B08-OPENING INVENTORY: The total value of all ships store stock at the beginning of the accounting period will be shown on line B08. The amount will equal line B28 on the Form 153 submitted for the previous accounting period. The ships store officer will verify that the figure entered automatically is equal to the amount of the last inventory. The ships store officer may modify the opening inventory in the ROM Utilities function if dollar amounts do not match.
3. LINE B09-TOTAL RECEIPTS. The sum of the amounts on lines B01 through B08A will be shown on line B09. This amount must equal the amount on line B30 and the total of receipts as calculated in the Recap of Receipts on the Journal of Receipts (Form 977). The ROM system will automatically total and enter this figure.

9311 EXPENDITURES SECTION

1. Line B10-ISSUES TO USE. The total value of Issues to Use will be shown on line B10:
 - a. Dollar value of all issues listed in para. 7300, except cost of operations issues and issues for health and comfort to personnel in a pay status (When issues to survivors of marine and aircraft disasters and merchant ships in distress are invoiced to the Navy Inventory Control Point, Mechanicsburg, PA under pars. 7313 and 7314, they will not be reported on line B10).

- b. Transfers to other appropriations (such as the general mess and general stores).
 - c. Receipts from other appropriations. Figures may be verified by reviewing the Issues to Use report.
2. LINE B12-BULK SALES. The total value of all bulk sales will be shown on line B12. Figures may be verified by reviewing the Bulk Sales report.
3. LINE B14-LOSS/GAIN BY INVENTORY. The total value of Losses/ Gains by Inventory will be shown on line B14 Figures may be verified by reviewing the Loss/Gain By Inventory report.
4. LINE B15-SURVEYS TO NWCF. The total value of surveys of ships store stock surveyed to the Navy Working Capital Fund will be shown on line B15. Figures may be verified by reviewing the Surveys to NWCF report.
5. LINE B19-TRANSFERS TO OSO. The total value of ships store stock transferred to other supply officers will be shown on line B19. Figures may be verified by reviewing the Transfers to Other Supply Officers report.
6. LINE B21-COST OF RETAIL SALES. The amount of "Cost of Sales - Retail" will be shown on line B21. This total reflects actual cost of sales for POS locations and computed total for Non-POS locations.
7. LINE B22-COST OF OPERATION, RETAIL. The amount of "Cost of Operations - Material" will be shown on line B22. Figures may be verified by reviewing the Cost of Operations report.
8. LINE B23-SURVEYS TO SSPN, RETAIL. The total value of surveys charged to profits (except surveys of drink vending machine items) will be shown on line B23. Surveys of drink vending machine items charged to profits will be reported on line B27. Figures may be verified by reviewing the Surveys to SSPN, Retail report.
9. LINE B25-COST OF SALES. The amount of "Cost of Sales - Vending Machines" will be shown on line B25. The amount will include cost of sales for can type drink vending machines. Figures may be verified by reviewing the Canned Drink Profitability report.
10. LINE B26-COST OF OPERATION, VENDING. The amount of "Cost of Operation - Vending Machines" will be shown on line B26. The amount will include cost of operations for can drink vending machines. Figures may be verified by reviewing the Cost of OPS Vending report.
11. LINE B27-SURVEYS TO SSPN, VENDING. The total value of surveys of can vending machine items charged to profits will be entered on line B27. Figures may be verified by reviewing the Surveys to Vending report.

12. LINE B28-CLOSING INVENTORY. The total value of all ships store stock from the inventory taken under para. 9000 will be shown on line B28. Ships store officers will verify that the total inventory figure entered Figures may be verified by reviewing the Inventory Count reports.
13. LINE B30-TOTAL EXPENDITURES. The sum of the amounts on lines B10 through B29 will be shown on line B30. The amount on line B30 must equal the amount on line B09.

BLANK

SECTION III: PROFIT AND LOSS STATEMENT

9320 RECEIPT SECTION

1. LINE C01-FUNDS BROUGHT FORWARD. The amount reported on line C24 of the Form 153 for the previous accounting period will be shown on line C01. The ships store officer will verify that the figure entered by the ROM system is correct and may modify this figure in the ROM Utilities function.
2. SALES PER CASHBOOK
 - a. LINE C02-RETAIL (SHIPS STORE ONLY). The total cash received from sales in retail stores and retail items sold through other than drink vending machines will be shown on line C02. This excludes sales from drink vending machines and bulk sales. The total of "Cash from Retail Sales" as reported on the monthly Memorandum Cash Sale Invoice Deposits of Cash with the Disbursing Officer (Form 1149) for the accounting period will equal line C02. Figures may be verified by reviewing the Cash Collection report and stock record cards for ships store, snack vending and any other non-point of sale activities.
 - b. LINE C03-DRINK VENDING MACHINE. The total cash received from can drink vending machine sales will be shown on line C03. The total of "Cash from Drink Vending Machines" as reported on the monthly Memorandum Cash Sale Invoice Deposits of Cash with the Disbursing Officer (Form 1149) for the accounting period will equal line C03. Figures may be verified by reviewing the Cash Collection report and stock record cards for canned drink vending.
3. CONTRIBUTIONS TO SHIPS STORE PROFITS
 - a. LINE C04-CASH COLLECTIONS FROM AMUSEMENT MACHINES. The total amount of cash collected from amusement machines as per the cashbook will be shown on line C04. The ROM system will total figures from daily cash collections. Figures may be verified by reviewing the Cash Collection report for amusement machines.
 - b. LINE C04A-REBATES. Rebates to ships store profits authorized by NEXCOM.
 - c. LINE C04B-OTHER CONTRIBUTIONS. The total amount of all other contributions to ships store profits, regardless of the source will be shown on line C04B. This includes the amount collected as service charges. The ROM system will total contributions. Figures may be verified by reviewing the Contributions report.
4. LINE C05-NEXCOM LOANS. Loans will be authorized by the Navy Exchange Service Command as per para 8102-1. The amount of a loan received will be shown on line C05 as a one-time entry at the end of the accounting period in which the loan is received. The Navy Exchange Service Command letter authorizing the loan will be referenced in the "Authorization" block. ROM users

will enter the total amount of loans authorized by the Navy Exchange Service Command in the ROM Utilities function.

5. LINE C06-NEXCOM GRANTS. Non-reimbursable grants will be authorized by the Navy Exchange Service Command as per para. 8102-2. The amount of a grant received will be shown on line C06 at the end of the accounting period in which the grant is received. The Navy Exchange Service Command letter authorizing the grant will be referenced in the "Authorization" block. ROM users will enter the total amount of grants authorized by the Navy Exchange Service Command in the ROM Financial Accounting function.
6. LINE C09-TOTAL RECEIPTS. The sum of the amounts on lines C01 through C06 will be shown on line C09. The ROM system will automatically total lines C01 through C06 and enter the amount on line C09.

9321 EXPENDITURE SECTION

1. LINE C10-COST OF SALES-RETAIL. The "Cost of Sales-Retail" reported on line B21 will be shown on line C10.
2. LINE C12-OPERATING EXPENSES. The sum of lines B22, B23 and B14 will be shown on line C12.
3. LINE C13-LAUNDRY CLAIMS AND OTHER SERVICES CHARGES. The total amount paid for the following will be shown on line C13:
 - a. Reimbursement Vouchers (Standard Form 1034) for settling claims for loss or damage of personal clothing in the ships store service activities (see para. 8202-5). Figures may be verified by reviewing the Laundry claim and service charges report.
 - b. The Abstract Data Reports covering repairs to vending machines, repairs to ships store stock and laundry and dry cleaning service charges (see para. 4222). Figures may be verified by reviewing the Laundry claim and service charges report.
 - c. ROM users will enter all laundry claims and other services charges for the current accounting period in the ROM Financial Accounting function.
4. LINE C14A-GENERAL FUND ASSESSMENT, LOCAL. The General Fund assessment entered on line C14A will be derived as a percentage of sales in accordance with para. 8201.
5. LINE C14B-GENERAL FUND ASSESSMENT, BUPERS. The General Fund assessment entered on line C14B will be derived as a percentage of sales in accordance with para 8202.
6. LINE C15-COST OF SALES - VENDING. The "Cost of Sales, Vending" reported on line B25 will be shown on line C15.

7. LINE C16-COST OF OPERATING VENDING. The sum of lines B26, B27 and will be shown on line C16.
8. LINE C18-EQUIPMENT PURCHASES. The total value of Abstract Data Reports for purchases charged to Ships Store Profits, Navy, will be shown on line C18. (See para. 4222.3). Modernization materials and vending machines procured as a direct charge to ships store profits will be reported on line C18. ROM users will enter the value of each dealers bill for equipment purchases received for the current accounting period in the ROM Financial Accounting function. Figures may be verified by reviewing the Equipment Purchases report.
9. LINE C19-DISBURSEMENTS TO AMUSEMENT MACHINE CONTRACTOR. The total amount of remittances paid to the contractor for leased amusement machines will be shown on line C19 (see para. 2424). ROM users will enter the value of each disbursement in the Financial Accounting function.
10. LINE C20-LOAN REPAYMENTS. The amount repaid against loans as prescribed by the Navy Exchange Service Command will be shown on line C20. ROM users will enter this figure in the ROM Financial Accounting function. Figures may be verified by reviewing the Loans report.
11. LINE C21- BEGINNING LOAN BALANCE. The balance of the loan at the beginning and end of the accounting period will be shown on line C21. When repayment of the loan will begin in the same accounting period as the loan was received, enter the total amount of the loan in the "Beginning Period" block. The total amount of the loan minus the amount on line C20 will be shown in the "Ending Period" block. ROM users will enter this figure in the ROM Utilities function. Figures may be verified by reviewing the Loans report.
12. LINE C21A-ENDING LOAN BALANCE. The balance of the loan at the end of the accounting period will be shown on line C21A. As payments are made towards loans line C21A will be adjusted automatically. Figures may be verified by reviewing the Loans report.
13. LINE C22-FUNDS TRANSFERRED TO THE RECREATION FUND. The total value of Standard Forms 1034 covering funds transferred to the recreation fund will be shown on line C22. ROM users will enter this figure in the ROM Financial Accounting function.
14. LINE C23-TOTAL EXPENDITURES. The sum of lines C10 through C20 and C22 is shown on line C23.
15. LINE C24-FUNDS AVAILABLE FOR TRANSFER TO THE RECREATION FUND. The amount reported on line C09 minus the amount on line C23 is shown on line C24.
16. LINE C24A-LIABILITIES ASSUMED AND ANTICIPATED OPERATING EXPENSES. The total amount of liabilities assumed and anticipated operating expenses is shown on line C24A (see para 8300). ROM users will enter this figure in the ROM Financial Accounting function.

17. LINE C24B-NET FUNDS AVAILABLE FOR TRANSFER TO RECREATION FUND. The amount reported on line C24 minus the amount on line C24A is shown on line C24B.

9322 PROFIT COMPUTATION

1. LINE C25-OPERATING PROFIT. The amount reported on line C02 minus the total of lines C10 through C14 is shown on line C25.
2. LINE C26-DRINK VENDING MACHINE PROFIT. The amount reported on line C03 minus total of lines C15 and C16 is shown on line C26.
3. LINE C27-AMUSEMENT MACHINE PROFIT. The amount reported on line C04 minus the amount on line C19 is shown on line C27.

SIGNATURE. The ships store officer will sign and date the Form 153 at the bottom of the page.

SECTION IV: COMPLETING FORM 153

9330 INFORMATION TO BE ATTACHED TO FORM 153

1. Back of 153 Report.
2. Emblematic listing report.

9331 DISTRIBUTION

1. The Form 153 will be distributed as follows:
 - Original and one copy to Defense Finance and Accounting Service with substantiating documents as indicated in para. 9404. (DFAS will forward one copy of the Form 153 to the Navy Exchange Service Command.)
 - One copy to the Type Commander.
 - One copy filed with the retained returns.
 - One copy for period ending 30 September to Navy Supply Corps School (see para 9205).

BLANK

PART E: SUBSTANTIATION OF SHIPS STORE RETURNS AND RETAINED RETURNS**9400 GENERAL INFORMATION**

1. The chart in para. 9404 lists the documents, which are required to substantiate:
2. The ships store returns forwarded to Defense Finance and Accounting Service.
3. The retained returns.
4. All documents must be legible.

9401 MAKE-UP OF RETURNS

The original returns will be made up from documents in the ships store files. The retained returns will consist of the backup tape and documents from the RK's files and any AO files that were not included with the original returns. Retained Returns will be retained for two years.

9402 ARRANGEMENT OF RETURNS

The ships store returns and retained returns will be arranged following the line of Ships Store Balance Sheet and Profit and Loss Statement (Form 153). Additional documents required for the retained returns will be filed after the documents substantiating the Form 153.

9403 SUBSTANTIATING REPORTS

Substantiating reports are required and will include the reporting period covered by the returns. The reports will be securely attached to the appropriate document in a manner that will not cover any pertinent information.

9404 SUBSTANTIATION OF RETURNS AND RETAINED RETURNS.

For substantiation of ships store returns submitted to DFAS and the retained returns, see the following charts.

BALANCE SHEET			
FORM 153 LINE AND CAPTION	RETURNS TO DFAS	RETAINED RETURNS	NAVSUP PUB
RECEIPTS SECTION			
RECEIPTS FROM PURCHASES LINE B01	RECEIPT DOCUMENTS NOT REQUIRED TO BE SUBMITTED WITH RETURNS. (RECEIPT DOUCMENTS ARE FORWARDED TO DFAS MONTHLY)	COPY OF JOURNAL OF RECEIPTS REPORT RK B01 CONTENTS	1106
RECEIPTS FROM OTHER SUPPLY OFFICER LINE B05	RECEIPT DOCUMENTS NOT REQUIRED TO BE SUBMITTED WITH RETURNS (RECEIPT DOUCMENTS ARE FORWARDED TO DFAS MONTHLY)	COPY OF JOURNAL OF RECEIPTS REPORT RK B05 CONTENTS	1106
EXPENDITURES SECTION			
ISSUES TO USE LINE B10	FORM 1149 SIGNED SIGNED ORIGINAL & ONE COPY NAVSUP FORM 28/28A AND/OR DD FORM 504 TWO COPIES EACH	ISSUES TO USE REPORT FORM 1149 COPY NAVSUP FORM 28/28A AND OR FORM 504 TWO COPIES EACH	7300
BULK SALES LINE B12	ORIG FORM 1149 PRICED AND EXTENDED	COPY OF BULK SALES REPORT COPY OF 1149	2205
LOSS/ GAIN BY INVENTORY (B 14)	NO DOCUMENT REQUIRED	COPY OF LOSS/ GAIN BY INVENTORY REPORT	9404
SURVEYS TO NWCF LINE B15	FORM 200 SIGNED ORIGINAL	COPY OF SURVEYS NWCF REPORT COPY OF EA SURVEY	7100
TRANSFERS TO OSO LINE B19	COPY OF TRANSFER TO OSO's REPORT WITH ATTACHED COOPIES OF TRANSFER INVOICES FORM 176	COPY OF TRANSFER TO OSO's REPORT COPY OF REQUEST DOC W/ TRANSFER DOC	7200
RETAIL OPERATION			
COST OF SALES LINE B21	NO DOCUMENT REQUIRED	COPY OF COST OF SALES REPORT	9404
COST OF OPERATIONS LINE B22	NO DOCUMENT REQUIRED	COPY OF COST OF OPERATIONS REPORT	9404
SURVEYS TO SSPN RETAIL LINE (B23)	FORM 200 SIGNED ORIGINAL	COPY OF SURVEY REPORT COPY OF EA SURVEY	7100-2
CLOSING INVENTORY LINE B28	NO DOCUMENT REQUIRED	SIGNED COPY OF INVENTORY COUNT REPORT,	9000
DRINK VENDING MACHINE OPERATION			
COST OF SALES, VENDING LINE B25	NO DOCUMENT REQUIRED	COPY OF CANNED DRINK PROFITABILITY REPORT	9404
COST OF OPERATIONS LINE B26	NO DOCUMENT REQUIRED	COPY OF COST OF OPS VEENDING REPORT	9404
SURVEYS TO SSPN CANNED DRINK LINE B27	FORM 200 SIGNED ORIGINAL	COPY OF SURVEYS SSPN CANNED DRINK REPORT COPY OF EA SURVEY	7100-2
SALES PER CASH BOOK			
RETAIL SALES LINE C02 & DRINK VENDING MACHINE LINE C03 & CASH FROM AMUSEMENT MACHINE SALES LINE C04 & REBATES LINE C04A & CONTRIBUTIONS LINE C04B	FORM 1149 TWO COPIES OF EACH MONTHLY MEMORANDUM CASH SALES INVOICE DEPOSITED WITH DISBURSING OFFICER	ORIGINAL FORM 1149 OF EACH MONTHLY MEMORANDUM CASH SALES INVOICE AND CASH BOOKS 469/470	2232
LOANS LINE C05	NO DOCUMENT REQUIRED	NEXCOM LETTER AUTHORIZING THE LOAN	8102-1
GRANTS LINE C06	NO DOCUMENT REQUIRED	NEXCOM LETTER AUTHORIZING THE GRANT	8102-2

FORM 153 LINE AND CAPTION	RETURNS TO DFAS	RETAINED RETURNS	NAVSUP PUB
LAUNDRY CLAIMS AND OTHER SERVICE CHARGES LINE C13	FOR LAUNDRY CLAIMS COPY OF STANDARD FORM 1034	STANDARD FORM 1034 WITH A COPY OF THE LAUNDRY CLAIM	8202
	FOR SERVICE CHARGES ABSTRACT DATA REPORT	COPY OF ABSTRACT DATA REPORT WITH COPY DD 1155 IF COST OVER \$2,500 WITH COPY OF DEALERS BILL	8202
EQUIPMENT PURCHASES	ABSTRACT DATA REPORT	COPY OF DEALERS BILL COPY OF ABSTRACT DATA REPORT COPY OF DD 1155 IF PURCHASE WAS OVER \$2,500	4222-3
DISBURSEMENTS TO AMUSEMENT MACHINE CONTRACTORS LINE C19	COPY OF STANDARD FORM 1034	COPY OF STANDARD FORM 1034	2424-3
LOAN REPAYMENTS LINE C20)	NO DOCUMENTS REQUIRED	SAME AS C05	8204
FUNDS TRANSFERRED TO MWR LINE C22	COPY OF STANDARD FORM 1034	COPY OF STANDARD FORM 1034	8301-3

OTHER DOCUMENTS REQUIRED FOR RETAINED RETURNS

Retain Returns File #1: Original Breakout Documents

Retain Returns File #2:

- Profitability reports for retail locations
- Voided Transaction Report
- Tape System Backup
- Last dayback prior to closeout

BLANK

PART F: RELIEF OF SHIPS STORE OFFICER

9500 INVENTORY

1. When the ships store officer is relieved, a complete physical inventory of the ships store stock on hand at the time of relief will be taken following pars. 9000, 9002-9013. The correctness of the inventory will be certified by both the detaching officer and the relieving officer. Distribution of the completed inventory will be the same as prescribed in para. 9009, except that one certified copy of the inventory will be given to the detaching officer. A Requisition and Invoice/Shipping Document (DD Form 1149) will be prepared for the money value of the ships store stock on hand at the time of relief, as shown from the totals of the Inventory Count Sheets. Certificates in the following form will be signed by the detaching officer and the relieving officer:

"I certify that the inventory of ships store and standard Navy clothing stock in the value shown here has been transferred to

_____ on _____.
Name and Rank of Relieving Officer Date

Detaching Officer's Signature

"I certify that the inventory of ships store and standard Navy clothing stock in the value shown here has been received into my custody and I acknowledge accountability as of _____.
Date

Relieving Officer's Signature

The original of the Form 1149 will be submitted with the first set of returns submitted by the relieving officer.

9501 RETURNS

1. RELIEF OF SHIPS STORE OFFICER. When a ships store officer is relieved, the detaching officer and the relieving officer will conduct a complete inventory as outlined in para 9500. Ships store returns will be submitted jointly by both officers.
2. Records Unsatisfactory to Relieving Officer. If the relieving officer is not satisfied that accountability has been established the commanding officer may direct the detaching ships store officer to close out all records and render returns.

9502 DISPOSITION OF RECORDS AND FILES

All ships store records, files and documents of the detaching officer will be maintained by the relieving officer. The relieving officer will make any adjustments or settlements of previous transactions as necessary. If the relieving officer is not satisfied with the condition of the records, he will report the facts immediately to the commanding officer for such action as considered necessary. As per the Navy and Marine Corps Disposal Manual (SECNAVINST 5212.10 series), ships store returns will be kept on board for a period of two years. After three years, they will be disposed of or destroyed locally.